ANNUAL REPORT 2013

ANTA

ANTA Sports Products Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

ANTA

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

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

International sporting events of the 2013-2016 Olympic cycle

1. **The 4th Asian Indoor and Martial Arts Games**
   June-July 2013
   Incheon, South Korea

2. **The 2nd Asian Youth Games**
   August 2013
   Nanjing, China

3. **The 6th East Asian Games**
   October 2013
   Tianjin, China

4. **The 22nd Winter Olympic Games**
   February 2014
   Sochi, Russia

5. **The 2nd Summer Youth Olympic Games**
   August 2014
   Nanjing, China

6. **The 17th Asian Games**
   September-October 2014
   Incheon, South Korea

7. **The 4th Asian Beach Games**
   November 2014
   Phuket, Thailand

8. **The 2nd Winter Youth Olympic Games**
   February-March 2016
   Lillehammer, Norway

9. **The 5th Asian Beach Games**
   May 2016
   Nha Trang, Vietnam

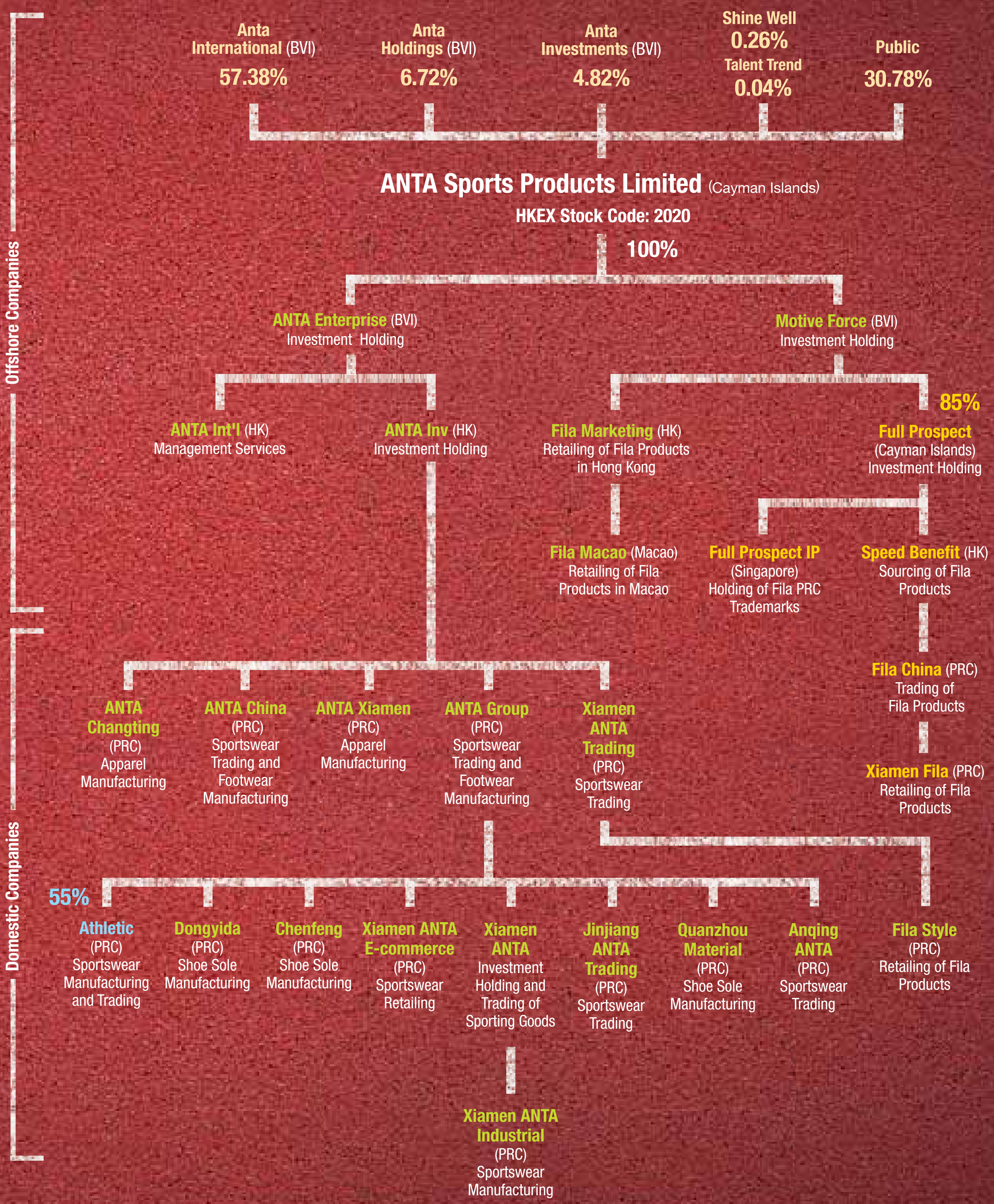
10. **The 31st Summer Olympic Games**
    August 2016
    Rio de Janeiro, Brazil

CONTENT

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 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 Registrar	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands
Hong Kong Branch Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Legal adviser	Norton Rose Fulbright 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 Hong Kong Limited The Hongkong and Shanghai Banking Corporation Limited

GROUP STRUCTURE




篮球是生命
BASKETBA
IS

Rajon Rondo,
a point guard with the
Boston Celtics of the NBA

FINANCIAL OVERVIEW

Year ended 31 December	2013	2012	Changes
	(RMB million)	(RMB million)	(%)
Turnover	7,281.3	7,622.8	↓ 4.5
Gross profit	3,039.3	2,893.2	↑ 5.0
Profit from operations	1,565.6	1,563.3	↑ 0.1
Profit attributable to equity shareholders	1,314.8	1,358.7	↓ 3.2
Free cash inflow	941.7	1,610.0	↓ 41.5
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	52.71	54.48	↓ 3.2
– Diluted	52.61	54.40	↓ 3.3
Shareholders' equity per share	286.69	270.72	↑ 5.9
	(HK cents)	(HK cents)	(%)
Dividends per share			
– Interim	19	23	
– Final	22	17	
– Special	7	8	
	48	48	–
	(%)	(%)	(% points)
Gross profit margin	41.7	38.0	↑ 3.7
Operating profit margin	21.5	20.5	↑ 1.0
Margin of profit attributable to equity shareholders	18.1	17.8	↑ 0.3
Effective tax rate	24.1	21.6	↑ 2.5
Advertising and promotional expenses (as a percentage of turnover)	11.1	10.5	↑ 0.6
Staff costs (as a percentage of turnover)	10.3	9.7	↑ 0.6
R&D costs (as a percentage of cost of sales)	4.0	3.8	↑ 0.2

As at 31 December	2013	2012	Changes
	(%)	(%)	(% points)
Gearing ratio[(1)]	4.8	9.9	↓ 5.1
Return on average total shareholders' equity[(2)]	18.9	20.7	↓ 1.8
Return on average total assets[(3)]	13.0	14.9	↓ 1.9
Average total shareholders' equity to average total assets	69.0	72.0	↓ 3.0
	(days)	(days)	(days)
Average inventory turnover days[(4)]	59	51	↑ 8
Average trade receivables turnover days[(5)]	38	34	↑ 4
Average trade payables turnover days[(6)]	65	47	↑ 18

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report 2013 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 4.5% to RMB7.28 billion
- Gross profit margin increased by 3.7% points to 41.7%
- Profit attributable to equity shareholders decreased by 3.2% to RMB1,314.8 million
- Basic earnings per share decreased by 3.2% to RMB52.71 cents
- 71.7% payout of the profit attributable to equity shareholders

OPERATIONAL PERFORMANCE

- Number of ANTA stores and Sports Lifestyle series stores stood at 7,757
- Number of Kids sportswear series stores stood at 881
- Number of FILA stores in China, Hong Kong and Macao stood at 416

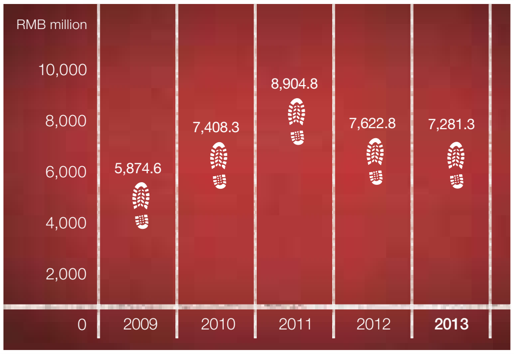
FIVE-YEAR FINANCIAL SUMMARY

	2013	2012	2011
	(RMB'000)	(RMB'000)	(RMB'000)
Turnover	**7,281,263**	7,622,808	8,904,767
Gross profit	**3,039,254**	2,893,166	3,762,397
Profit from operations	**1,565,599**	1,563,310	2,011,496
Profit attributable to equity shareholders	**1,314,835**	1,358,701	1,730,122
Non-current assets	**1,931,008**	1,933,589	1,424,610
Current assets	**8,187,139**	8,102,474	6,769,707
Current liabilities	**2,573,654**	2,897,909	1,604,374
Net current assets	**5,613,485**	5,204,565	5,165,333
Total assets	**10,118,147**	10,036,063	8,194,317
Total assets less current liabilities	**7,544,493**	7,138,154	6,589,943
Non-current liabilities	**195,368**	205,448	171,393
Total liabilities	**2,769,022**	3,103,357	1,775,767
Non-controlling interests	**195,137**	180,466	46,660
Shareholders' equity	**7,153,988**	6,752,240	6,371,890
	(RMB cents)	(RMB cents)	(RMB cents)
Basic earnings per share	**52.71**	54.48	69.37
Diluted earnings per share	**52.61**	54.40	69.20
Shareholders' equity per share	**286.69**	270.72	255.47
	(HK cents)	(HK cents)	(HK cents)
Dividends per ordinary share			
– Interim	**19**	23	26
– Final	**22**	17	26
– Special	**7**	8	–
	(%)	(%)	(%)
Gross profit margin	**41.7**	38.0	42.3
Operating profit margin	**21.5**	20.5	22.6
Margin of profit attributable to equity shareholders	**18.1**	17.8	19.4
Effective tax rate	**24.1**	21.6	20.2
Advertising and promotional expenses (as a percentage of turnover)	**11.1**	10.5	13.7
Staff costs (as a percentage of turnover)	**10.3**	9.7	8.5
R&D costs (as a percentage of cost of sales)	**4.0**	3.8	3.7
Gearing ratio[(1)]	**4.8**	9.9	–
Return on average total shareholders' equity[(1)]	**18.9**	20.7	28.7
Return on average total assets[(1)]	**13.0**	14.9	22.7
Average total shareholders' equity to average total assets	**69.0**	72.0	79.0
	(days)	(days)	(days)
Average inventory turnover days[(1)]	**59**	51	38
Average trade receivables turnover days[(1)]	**38**	34	26
Average trade payables turnover days[(1)]	**65**	47	37

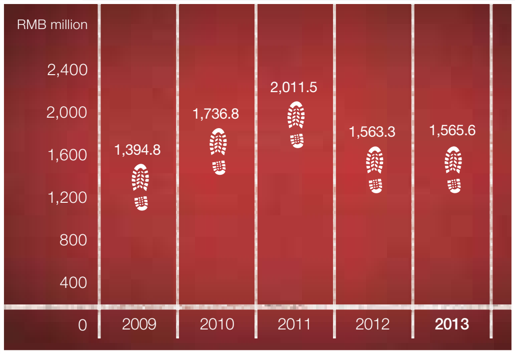
Notes:
(1) Please refer to notes on page 6 of the annual report for the definitions of return on average total shareholders' equity, return on average total assets, gearing ratio, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.

2010	2009
(RMB'000)	(RMB'000)
7,408,309	5,874,596
3,170,554	2,472,894
1,736,811	1,394,777
1,551,113	1,250,941
1,309,436	1,193,651
5,745,055	4,909,755
1,163,393	872,460
4,581,662	4,037,295
7,054,491	6,103,406
5,891,098	5,230,946
160,366	93,618
1,323,759	966,078
52,701	57,389
5,678,031	5,079,939
(RMB cents)	(RMB cents)
62.21	50.23
62.04	50.09
277.68	203.84
(HK cents)	(HK cents)
20	12
25	12
–	11
(%)	(%)
42.8	42.1
23.4	23.7
20.9	21.3
16.1	13.6
13.6	12.7
8.9	9.1
3.2	3.0
–	–
28.8	26.2
23.6	22.6
81.8	86.6
(days)	(days)
36	38
19	16
36	35

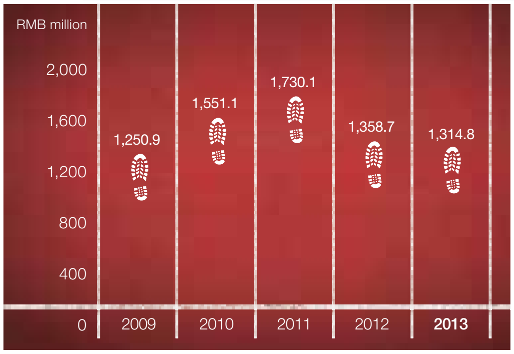
TURNOVER



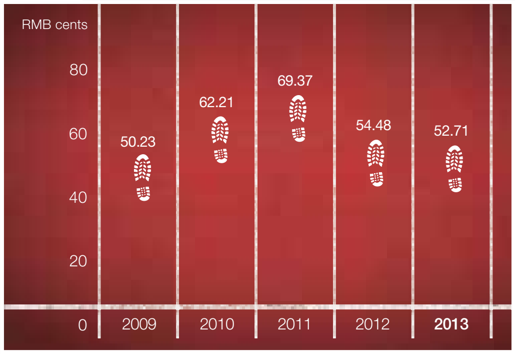
PROFIT FROM OPERATIONS



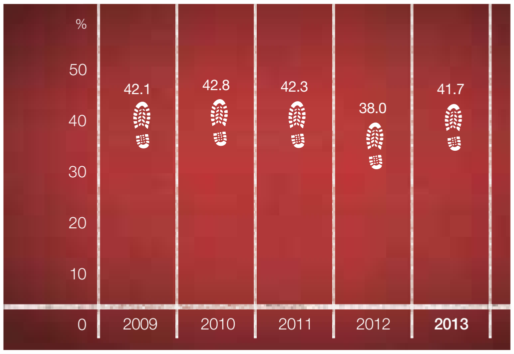
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



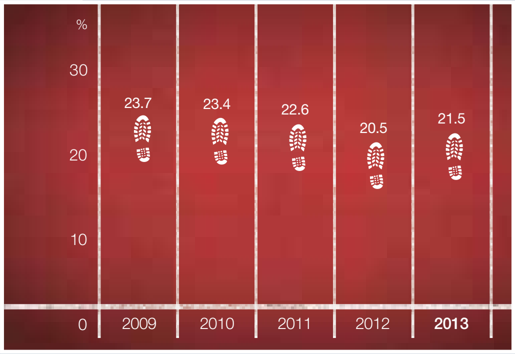
BASIC EARNINGS PER SHARE



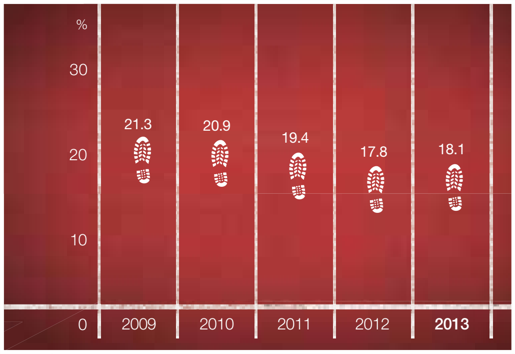
GROSS PROFIT MARGIN



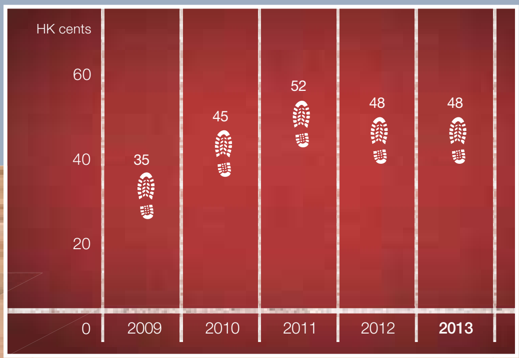
OPERATING PROFIT MARGIN



MARGIN OF PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



TOTAL DIVIDENDS PER ORDINARY SHARE



MILESTONE OF 2013

January

Became "Sportswear Partner of the COC" for Eight Consecutive Years

We successfully extended our partnership with the COC for the 2013-2016 Olympic cycle and will provide professional winning outfits for the CSD in 10 major international sporting events.

January, April and October

Supported Charity Projects in China

We joined hands with the COC, the Champion Fund and the Juan Antonio Samaranch Foundation to establish the "Olympic Charity Collaboration Alliance". We initiated the "Sport-All for All" charity project, making a donation of approximately RMB20 million worth of sportswear to schools and participating in the "Bringing Elite Football Coaches to Schools-Charity Services by Olympic Athletes Campaign".

March & November

Brand Equity, Product and Investment Value Widely Recognised

We were ranked first in terms of market share for the 12th consecutive year in the China's Travel and Sports Shoes category by the China General Chamber of Commerce and the China National Commercial Information Centre. We were also named "Best China Brand 2013" by Interbrand for the 4th consecutive year. Furthermore, we were named among the "Top 100 Comprehensive Strength" and "Top 10 Dividend Yield" in the "Top 100 HK-Listcos" selection event jointly organised by QQ.com and Finet Group Limited, making us the best Chinese branded sportswear enterprise listed in Hong Kong.

April

Added Olympic Champion Zou Shiming to ANTA's Champion Team

Two-time Olympic boxing gold medalist Zou Shiming has joined ANTA to endorse and promote our boxing training product series under our cross training portfolio, further enriching our diversified sponsorship resources and product offerings.

April

Launched A-Silo 3.0 Running Shoes Equipped with Latest A-Web Technology

We launched the A-Silo 3.0 running shoes featuring human engineering design, which provide better support and cushioning functions. The more permeable A-Web technology was also adopted to help prevent incursion of sand and dust and to offer a greater degree of comfort for runners by keeping their feet dry.

May

Number of ANTA-sponsored China National Teams Increased to 16

As a brand that represents China's sports essence, we have started to cooperate with China's national boxing team, taekwondo team and karate team. Together with our existing sponsorships with 13 national teams from China's Water Sports Management Centre and Winter Sports Management Centre, the number of ANTA-sponsored Chinese national teams has risen to 16.

June

Received Recognition for Corporate Governance

We were the only sportswear brand in China to win the "Outstanding Company on Corporate Governance – China" award, presented by Corporate Governance Asia magazine, demonstrating public recognition of our high level of corporate governance practices and our business model.

September

Kevin Garnett Visited China Again to Promote RMB399 "National Basketball Shoes"

ANTA-endorsed NBA all-star player Kevin Garnett made his fourth visit to China and promoted ANTA's newly-launched "Basketball is Priceless" basketball strategy. He also unveiled his designated KG IV basketball shoes tailor-made by ANTA, known as the "National Basketball Shoes".

October

NBA All-star Player Rajon Rondo Joined ANTA's "Basketball is Priceless" Team

A next-generation NBA point guard Rajon Rondo joined our star-studded "Basketball is Priceless" team together with fellow NBA outstanding players Kevin Garnett and Luis Scola. In the coming NBA seasons, he will wear his designated RR1 basketball shoes, which feature excellent functions specially designed by ANTA.

November

Active Chinese Table Tennis Players Joined ANTA's Champion Team

China's outstanding next-generation table tennis player duo – Olympic champion Zhang Jike and world champion Liu Shiwen – joined ANTA to promote our "Keep Moving" brand spirit and our professional sportswear products.

December

Strong Recognition for "Retail-Oriented" Business Model

We won the "21st Century China's Best Business Model Innovation" award selected by 21st Century Business Review and 21st Century Business Herald. We were also named the "Most Influential Brand of the Year" and "Top 10 Sports Shoe Brand of the Year" in the "The Most Influential People and Top 10 Enterprises Selection in China's Footwear Industry, 2012-2013", reflecting that our "retail-oriented" restructuring measures have achieved unparalleled recognition.

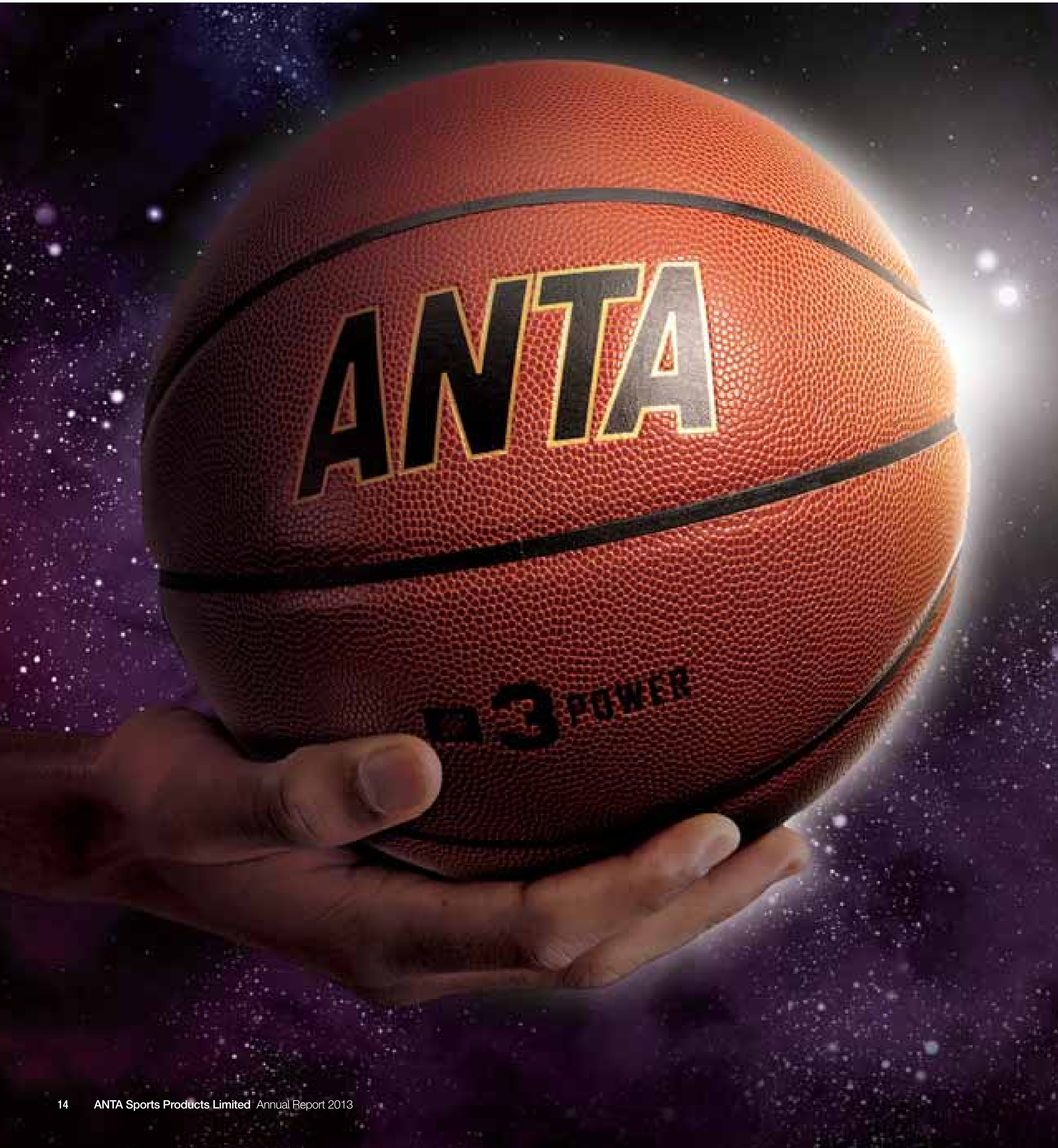
OUR MISSION

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 2013.

We Maintained Solid Performance amid Industry Headwinds

Despite the ongoing inventory clearance and intense competition in China's sportswear industry, we achieved solid performance during the year. Our comprehensive retail-oriented measures have made good progress and are bearing fruit, which enabled us and our retailers to minimise inventory risks and to enhance profitability. Our turnover decreased by 4.5% to RMB7.28 billion for the year (2012: RMB7.62 billion). As our differentiated value-for-money products received an excellent response from consumers, replenishment orders were made to satisfy the higher-than-expected demand, which therefore led the decline in turnover to be smaller than decline in the order value for 2013 trade fairs we announced earlier. Profit attributable to equity shareholders dropped by 3.2% to RMB1.31 billion for the year (2012: RMB1.36 billion). Accordingly, basic earnings per share amounted to RMB52.71 cents (2012: RMB54.48 cents). The improvement in our operational and financial results shows that we are recovering. To provide attractive returns to our shareholders, the Board proposed a final dividend of HK22 cents per ordinary share (2012: HK17 cents) and a special dividend of HK7 cents per ordinary share (2012: HK8 cents) which, together with the interim dividend of HK19 cents (2012: HK23 cents), represent a payout ratio of 71.7% of profit attributable to equity shareholders for the year (2012: 71.7%).

We Adopted a Cost-effective Marketing Strategy to Enhance Brand Equity

With the aim of standing out from our peers, we always stay focused on our mass market positioning and strive to further enhance our brand equity by enriching our diverse sports resources. During the year, we put forth our best efforts in reinforcing our influence and leading position in basketball, one of our key market segments. We launched the brand new "Basketball is Priceless" marketing campaign during Kevin Garnett's China Tour. We are also endorsed by the next-generation NBA all-star point guard Rajon Rondo who came onboard shortly after the campaign kicked off. As the leading Chinese sportswear brand representing China's sports industry, we successfully extended our partnership with the COC. In addition, we provide stylish high-quality professional sportswear outfits to 16 Chinese national teams, including our newly sponsored national boxing team, taekwondo team and karate team. More importantly, we have joined hands with table tennis world champions Zhang Jike and Liu Shiwen, as well as two-time Olympic boxing gold medalist Zou Shiming, to demonstrate ANTA's "Keep Moving" brand spirit and to gain greater recognition and creditability for our brand and professional products.

CHAIRMAN'S STATEMENT

We Innovate Good Value-for-Money Sportswear to Serve Consumers

Innovation is one of the keys to our success. Our strong capacity for innovation continues to bring us greater differentiation and helps us extend our leading position in China's sportswear market. Our A-Silo running shoes received overwhelming market response since its launch in 2012, and have become one of ANTA's best-selling shoes. During the year, we further optimised the designs of the shoe last, the use of materials and the cushioning performance of our A-Silo 3.0 running shoes. The shoes also incorporate permeable A-Web technology, which offers a greater degree of comfort for wearers by keeping their feet dry. Furthermore, we rolled out the RR1 and KG IV basketball shoes specially designed for our endorsed NBA all-star players Rajon Rondo and Kevin Garnett, respectively. They are sold at only RMB399, but are equipped with excellent functions which fully meet top NBA players' on-court needs. The launch of these affordable and good value-for-money products have not only impressed the mass consumer group, but also set off a buying craze across China. Due to our strong product differentiation and effective pricing strategy, we have been named the top seller of travel and sports shoes in China in terms of market share for 12 consecutive years.

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

We have always strived to help our retailers stay competitive and to improve their profitability by taking comprehensive retail-oriented measures. In addition to implementing a streamlined distribution structure, monitoring retail sales performance and managing in-store inventory, we have engaged in the thorough analysis of real-time data gathered from our ERP system and provided our retailers more precise guidelines at trade fairs according to the most up-to-date market trends. Meanwhile, we have further strengthened our product differentiation and optimised the flexibility and efficiency of replenishment so as to satisfy the unexpected demand for our in-season signature products. Furthermore, we have continued to enhance store efficiency and maintain a strong presence in second and third tier cities across China. We believe these measures not only help minimise our retailers' inventory risks, but also improve their operational performance as well as their confidence in our future order planning, consumer demand forecasting and replenishment arrangements.

We Outperform through Stronger Execution and Operational Capabilities

China's sportswear industry is generally believed to still face uncertainty in the near-term. However, we have seen a continuous positive growth in our new collection orders for trade fairs in the first three quarters of 2014. Our solid operational performance and strong trade fair results fully prove that we are recovering. Meanwhile, domestic demand expansion, urbanisation and popularisation of sports are favourable factors spurring China's sportswear market in the mid-to-long term. To capture the growing demand for professional sportswear and to make our retailers more profitable, we will continue to implement retail-oriented measures by providing value-for-money products that fit consumer preferences and needs.

We will also leverage our ERP system to manage inventory at the retail level, analyse market trends, forecast consumer demand and formulate ordering guidelines more precisely and effectively. Our solid supply chain and self-production capabilities will enable us to arrange more timely and cost-effective replenishment of hot selling items. More importantly, we will launch more affordable products featuring the best functionality and design, and will fully leverage our partnerships with the COC, Chinese national teams, champion athletes as well as our star-studded lineup of NBA endorsers to bolster product sales with eye-catching advertising and effective marketing strategies. In addition to our core business of ANTA performance-based series, we will strategically expand our Kids sportswear series, e-commerce and Fila business in the PRC to capture the growing demand in various market segments.

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

Ding Shizhong
Chairman

Hong Kong, 26 February 2014


实力无价
实力无价
2
ANTA
实力无价

無畏向上

REACH HIGHER

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

MARKET REVIEW

China's Economy Maintained Solid and Steady Growth

During the year, the global economy saw sluggish growth and faced a slow recovery. The Chinese government is generally believed to have continued implementing economic reforms and considered to adopt a new urbanisation plan and loosen its one-child policy so as to stabilise the country's economic growth. China's GDP maintained steady growth in 2013, while the ongoing expansion in domestic demand drove the increase in total retail sales of consumer goods. Per capita annual disposable income of urban residents also rose persistently as a result of the implementation of policies aimed at narrowing the income gap, improving livelihoods and spurring consumption.

The Chinese government is generally believed to have implemented policies aimed at stabilising inflation while maintaining momentum in economic growth. China's CPI grew at a relatively mild pace in 2013. However, the ongoing decline in PPI has raised concerns among general public about China's economic outlook. To minimise the risk of a hard landing, Chinese policymakers are generally believed to have engaged in more effective measures targeting to drive the country's economy with a healthier, more sustainable growth model based on domestic consumption rather than on investment and exports in the long-term.

Stronger Sportswear Brands Gain Advantage amid Industry Consolidation

China's sportswear industry as a whole has been facing challenges stemming from excessive inventory, over-expansion and mismanagement of retail channels over the past few years. Industry players have taken actions to resolve these problems by reducing future orders, closing stores, clearing ageing inventory and reforming their retail channels. Although their inventory levels and price-cutting activities have been normalising gradually, there remains some uncertainty associated with the lack of differentiation and intense competition in China's sportswear industry.

Stronger sportswear brands are generally expected to outperform their peers and to achieve sustainable growth by leveraging their core strengths, including effective brand positioning and marketing strategies, sound management of distribution networks, sophisticated retail monitoring systems, cost-efficient and responsive supply chains, strong R&D capabilities and highly differentiated products. The ongoing urbanisation, improving livelihood and growing popularity of sports in China also boosts consumer demand for sportswear with better functions, quality and designs. Therefore, sportswear brands that are more recognised, more responsive to market trends and capable of delivering value-for-money and innovative products to consumers are expected to benefit from the industry consolidation.

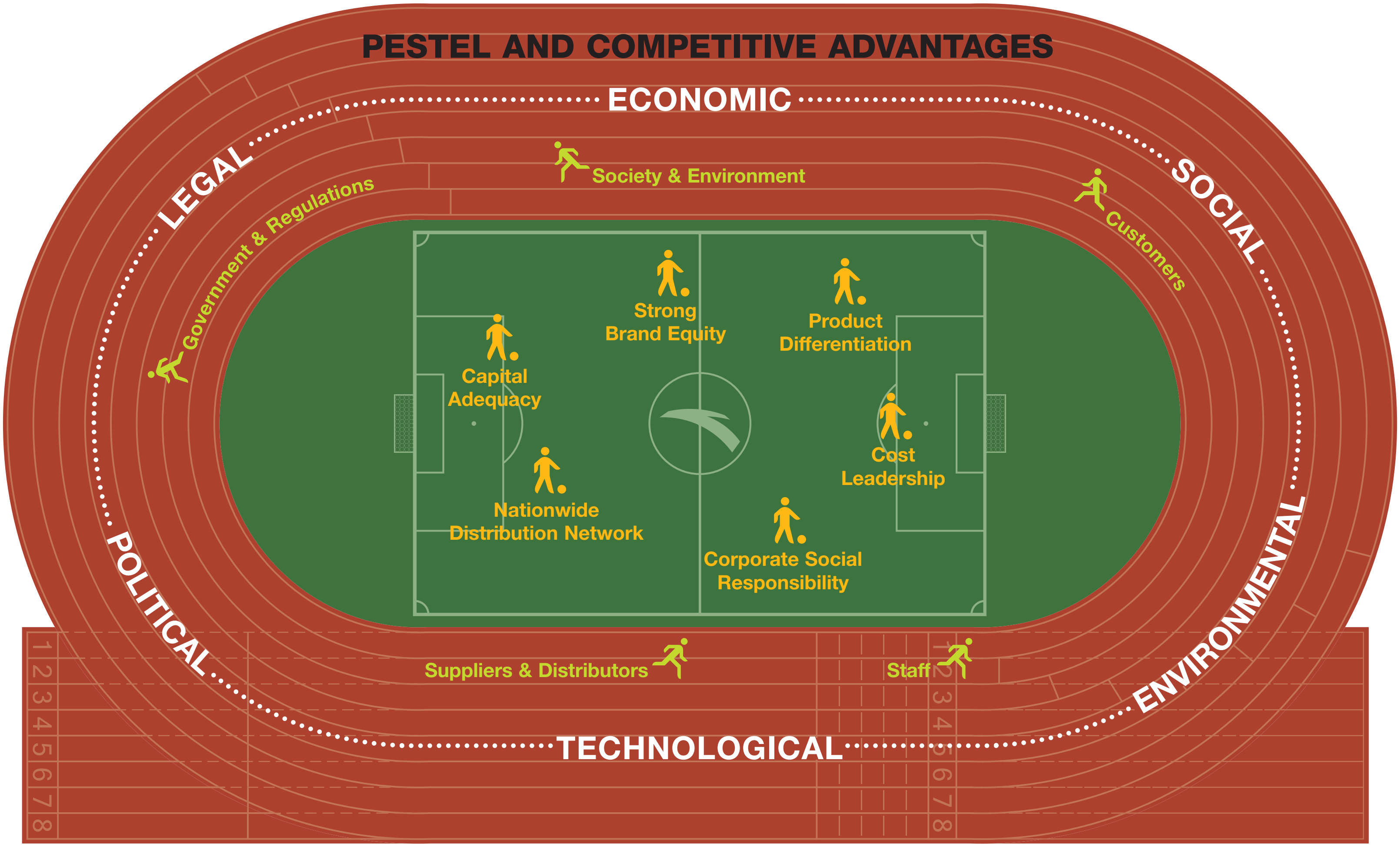
CHINA'S ECONOMIC DATA

National Income	GDP	RMB56,884.5 billion	YoY ⬆ 7.7%
Urban Residents' Income	Per capita annual disposable income	RMB26,955	YoY ⬆ 7.0%*
Consumption	Total retail sales of consumer goods	RMB23,438.0 billion	YoY ⬆ 13.1%
	Clothing sector (including sports footwear and apparel)	RMB1,141.4 billion	YoY ⬆ 11.6%
Inflation	CPI	102.6 (2012=100)	YoY ⬆ 2.6%
	PPI	98.1 (2012=100)	YoY ⬇ 1.9%

** Actual growth after deducting price factors*

Source: National Bureau of Statistics of China (as at 31 December 2013)

PESTEL AND COMPETITIVE ADVANTAGES



Competitive Advantages

Strong Brand Equity
- Diversified sponsorship resources
- Brand internationalisation
- Nationwide brand recognition & 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


HARDER
TRAINING
越磨砺越光芒
4
ANTA

BRINGS BRIGHTER FLAME

Luis Scola (left), a power forward with the Indiana Pacers of the NBA and, Chandler Parsons (right), a small forward with the Houston Rockets of the NBA

BUSINESS REVIEW

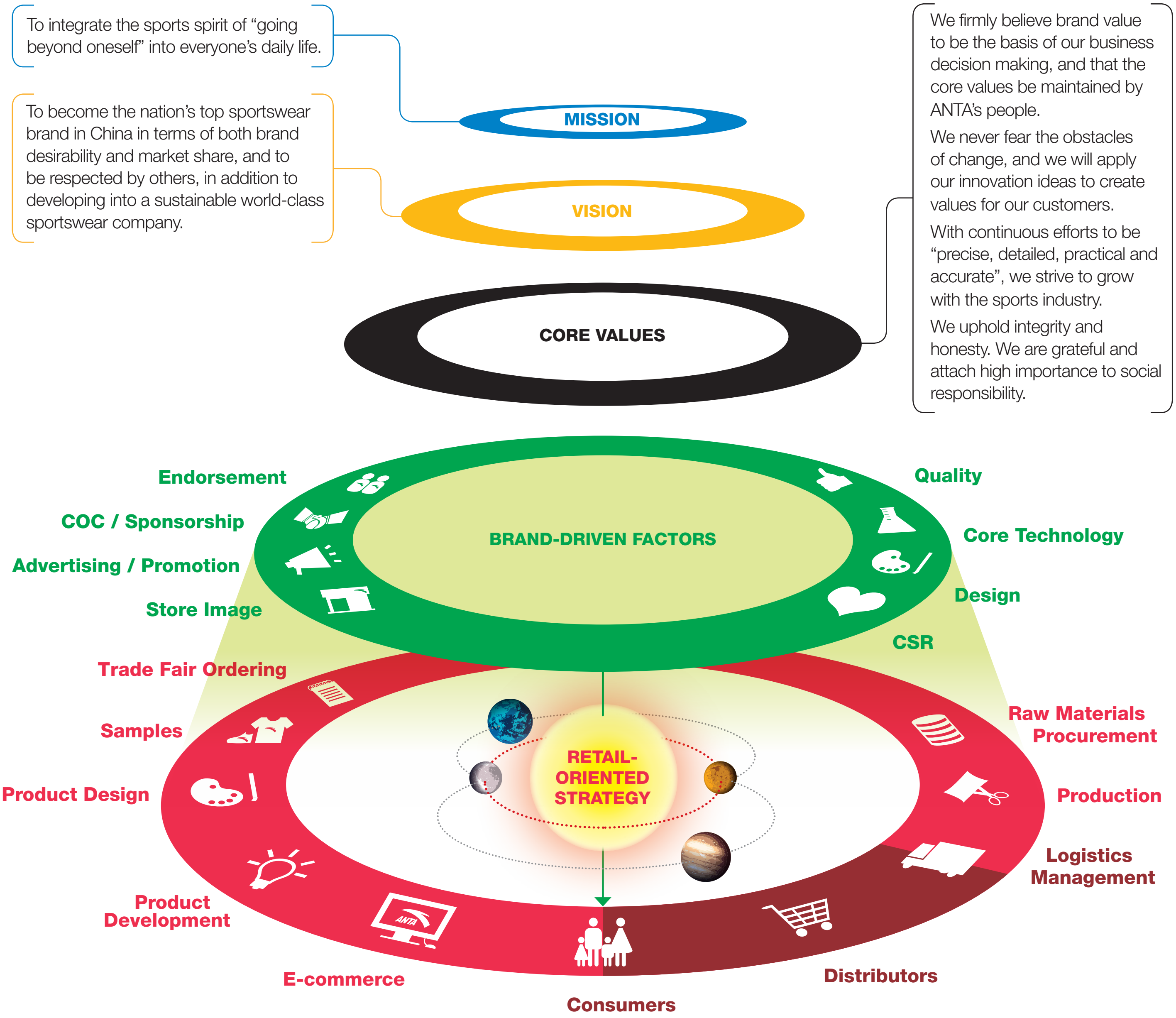
BRAND-DRIVEN BUSINESS MODEL

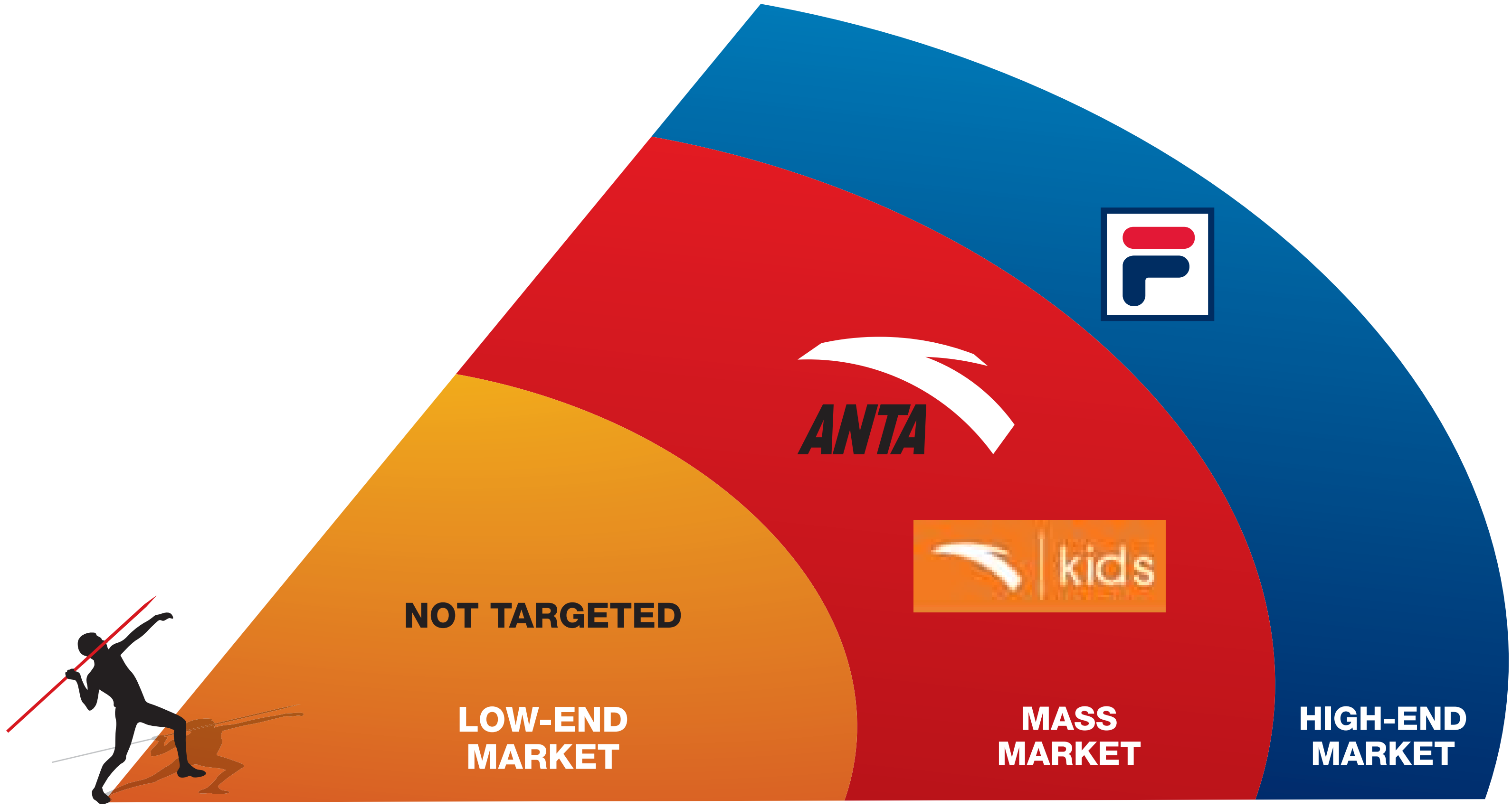
We position ourselves as a brand management company that integrates our sponsorship and endorsement resources, advertising and promotional campaigns, CSR and store image; as well as our value-for-money performance-based and stylish sportswear products that reinforce ANTA's brand image and the level of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

Strategic brand management

Association of our brand with consumers

Retail-oriented strategy





BRAND PORTFOLIO MODEL

The preferences of Chinese consumers have become more sophisticated as they demand sportswear products with greater differentiation and the best value-for-money. This trend is expected to benefit established brands that provide quality and diversified sportswear products. To capitalise on this growth trend, we implemented a multi-brand strategy to capture opportunities in the mass to high-end market. ANTA has been positioned as a functional sportswear brand that focuses on the mass market while FILA represents a stylish and sporty image that taps the high-end segment. Meanwhile, our Kids sportswear series plays a strategic role in the portfolio with the aim of building brand loyalty among children of ages 3-14 to our brand. Our well-defined brand portfolio model has not only helped us defend against current market uncertainties, but also enhances our competitiveness to achieve sustainable development in the long run.

We have received the following awards which demonstrate our competitive advantages and brand leadership. We were named "Best China Brand 2013" by international brand consultancy Interbrand for the fourth consecutive year. We ranked 24th in terms of brand value, once again leading our peers to remain the most valuable sportswear brand in China. Moreover, we were named on the "Top 100 Comprehensive Strength" list in the "Top 100 Hong Kong Listed Companies Selection Event Year 2013", jointly organised by QQ.com and Finet Group Limited, along with Hong Kong Economic Journal. We were again the only Chinese branded sportswear enterprise to be named in the Top 100 in the Main Ranking of the list. In addition, we also won the "21th Century China's Best Business Model Innovation" award at the "21th Century China's Best Business Model Forum cum Business Model Award Presentation Ceremony 2013". The Company not only joined other outstanding enterprises as an award winner, but was also the only branded sportswear enterprise to win such an award.

MANAGEMENT DISCUSSION AND ANALYSIS

BRAND MANAGEMENT

In order to realise our vision of becoming China's most desired domestic sportswear brand, we spare no effort in differentiating our functional brand image with a specific focus in the mass market. Riding on our effective and focused brand management strategy, ANTA has been enjoying leading brand recognition and desirability in China. Despite fierce competition in the sportswear industry, we continue to integrate our influential sponsorship resources with innovative promotional channels to reinforce our differentiated brand image and the level of brand association. Moreover, we utilise popular digital social networks and broadcast media to enhance our reach in a cost-effective manner. Meanwhile, we also enhance our in-store marketing, and have upgraded our store image to attract consumers.

1. ANTA Representing China's Sports Essence

We have successfully extended our partnership with the COC for the 2013 to 2016 Olympic cycle, making us the "Sportswear Partner of the COC" for eight consecutive years. Our collaboration with the COC and the CSD since 2009 not only provides an excellent platform for ANTA-designed outfits for award ceremony to appear on elite athletes at influential sporting events, but also raises our brand profile locally and globally. More importantly, the exclusive partnership with the COC helps us to stand out among our peers and makes ANTA the "representative of China's sports essence". We also launched an integrated marketing campaign centered on the 4th Asian Indoor & Martial Arts Games, the 2nd Asian Youth Games and the 6th East Asian Games to boost the association between ANTA and the COC.

Apart from our strategic partnership with the COC and the CSD, we are also the exclusive partner of the Water Sports Management Centre, the Winter Sports Management Centre and the Boxing and Taekwondo Sports Management Centre. For the 2013 to 2016 Olympic cycle, we will provide professional and quality sportswear outfits for 16 China national teams under these three sports management centres for competitions, awards ceremonies, trainings and daily usage. The strategic sponsorship not only makes our sponsorship resources to China's national teams more comprehensive, but also create synergy with our cooperation with the COC in solidifying ANTA's brand image as the representative of China's sports essence.

During the year, we stepped up efforts in enhancing our partnerships with elite national athletes. We signed

endorsement contracts with two-time Olympic boxing gold medalist Zou Shiming and current Chinese table tennis champions Zhang Jike and Liu Shiwen. Furthermore, we also utilised our sponsorship resources to promote our extensive products and the development of sports in China. For instance, Zou Shiming endorses our brand new boxing training product series under the cross training portfolio. The integration of our pre-eminent athlete endorsers and effective marketing campaigns has successfully sustained our leadership and our brand image.

2. ANTA as a Functional and Mass Market Brand

From the outset, we have positioned ourselves as a functional sportswear brand that focuses on the mass market. Thus, we have leveraged our exclusive and influential sports sponsorships to promote our professional image, particularly in the basketball, running and cross-training segments. During the year, we struck deals with Rajon Rondo, a new generation NBA all-star point guard on the Boston Celtics, which complement our deals with NBA outstanding players Kevin Garnett and Luis Scola to form our most solid basketball resources. The addition of Rajon Rondo to our endorsement portfolio not only strengthens our new “Basketball is Priceless” marketing strategy (please refer to pages 28 to 31), but also represents a major breakthrough in the cooperation with international top tier sports resources and Chinese sportswear brands. Adhering to the promotion of our “Basketball is Priceless” strategy, the designated Rajon Rondo and Kevin Garnett basketball shoes (“RR1” and “KG IV”) have been positioned as the “National Basketball Shoes” with selling price of only RMB399. The all-rounded marketing campaign has stimulated the sales performance of the entire basketball series, and has also consolidated our professional image in the mass basketball segment.

To enhance our influence in the running segment, we sponsored the Olympic Day Run for five consecutive years to promote the joy of running and to highlight the “Sports for All” spirit. This year’s Olympic Day Run, held in 23 cities in China and attracting nearly 100,000 long-distance running enthusiasts throughout the country, was the largest in history. We also launched an interactive marketing campaign to highlight the technological value of our signature running products. We integrated our

differentiated products into various media channels such as TVCs, newspapers, TV media on public transportation as well as ANTA retailers’ stores to enhance our reach in the mass market. For example, we held a series of interactive activities and demonstration zones on major pedestrian streets to let consumers experience the functionality of our brand-new A-Silo 3.0 running shoes.

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

"BASKETBALL IS PR TEAM – KEVIN GAR

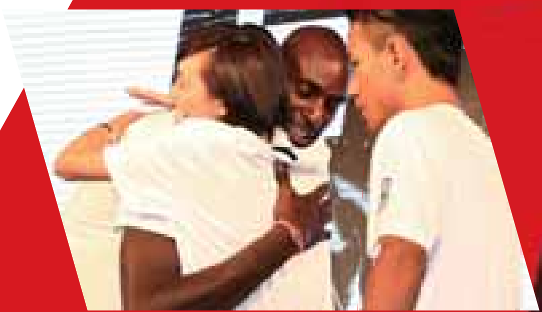
Our endorsed NBA all-star player Kevin Garnett got up close and personal with Chinese fans and the media during his fourth visit to China, which stirred up a nationwide basketball craze. The 6-day tour covered Beijing, Guiyang, Kunming and Guangzhou, with Kevin Garnett participating in store visits and fans meetings, successfully drawing huge crowds of basketball lovers and attention from the public. Furthermore, Kevin Garnett joined forces with us to facilitate basketball development in China by coaching promising young players in the "ANTA 2013 Autumn Outdoor Street Basketball League" and other children.

During the tour, we announced the launch of the new "Basketball is Priceless" basketball strategy and the new designated basketball shoes for Kevin Garnett – KG IV. KG IV has been positioned as the "National Basketball Shoes", with a selling price of RMB399, and have also been worn by Kevin Garnett during the 2013-14 NBA season.

RICELESS”
RNETT

KG IV comes in black and white, matching the Brooklyn Nets’ colours (Kevin Garnett’s team colours). The shoes’ design highlights the three core elements of Kevin Garnett’s passion for basketball – motivation, spiritual support and attention to basketball – and also builds on the style of the previous three generations of KG basketball shoes, embodying the attributes of clean, simple and modern. In addition, KG IV integrates unique and exclusive design elements, including a close-up combination logo of Kevin Garnett’s eyes and his English name, “Garnett”, printed on the shoe tongues. His “KG” exclusive logo is printed on the heel counters and the quarters of KG IV, along with a unique design integrating the uppercase form of the number “Four” in Chinese on the lifting straps, representing the fourth generation of KG basketball shoes.

As for the technological applications of the shoes, KG IV adopts Super Flexi technology featuring ergonomic design on the forefoot position, which provides effective rollover prevention and foot safety. KG IV enhances shock absorption with thickened PHYLON at the midsoles, which ensures comfort for wearers’ feet for on-court exercise. In addition, the molded collar design offers better stability to the support of KG IV, which helps to protect ankles and reduce incidences of injury. KG IV also applies TPU breathing vents on the inside quarters of the shoes which feature excellent breathability and helps to diffuse sweat.



In October, we entered into an endorsement contract with Rajon Rondo, a next-generation NBA all-star player and starting point guard for the Boston Celtics. At the age of 27, Rajon Rondo is at his peak, has already won an NBA championship title and made four appearances in the NBA all-star game. Rajon Rondo has worn ANTA basketball shoes in competitions and in training, providing strong proof of the premium quality and advanced functionality of our products. The endorsement of the renowned NBA all-star player has given a great boost to ANTA's professional image in the basketball segment.

In addition, we created the first designated basketball shoes for Rajon Rondo, the RR1, available at selected outlets the day after the signing ceremony. To echo the "Basketball is Priceless" basketball strategy, the RR1 is available at the price of only RMB399, but fully meets basketball players' on-court needs. The RR1 is fully equipped with all the necessary functions of basketball shoes designed for top players, but at a price that is affordable for the mass consumer groups,

"BASKETBALL IS PRI
TEAM – RAJON RON

which is a perfect representation of our basketball concept of "Basketball is Priceless", in which we believe that value-for-money RR1 basketball shoes can make more basketball lovers' dreams come true.

The RR1 comes in white and green, matching the colours of the Boston Celtics, and also features elements specific to Rajon Rondo, including the silhouette logo of Rajon Rondo's signature move on the shoe tongues and the number 9 on the heels, highlighting the personal style of Rajon Rondo in this pair of basketball shoes.

In terms of technological applications, the RR1 adopts a special asymmetrical lacing design for the shoes to embrace the feet more effectively and from different angles, and the lateral sides of the shoes feature molded foam design to provide sufficient support and protection to the soles, enhancing the safety of the heels and soles during exercise. Meanwhile, to match the conditions of force exerted during exercise, our A-Jelly technology has been applied to the forefoot to provide high-speed rebound and to boost explosive force and speed when driving to the basket and changing directions. Furthermore, the TPU stabilisation system at the arc provides better support to the arc, which also increases the support to and steadiness of the soles. The RR1 also features a PP film hot-melt design on the medial sides, which improves the breathability of the shoes and keeps wearers cool and comfortable even after prolonged intensive exercise.

ICELESS"

DO


ANTA
安踏
KEEP
永不止步
MOVIN

Retail-oriented Strategy

DISTRIBUTION NETWORK MANAGEMENT

Retail-oriented Strategy

In order to enhance our controls over our retailers, and to improve their competitiveness, responsiveness to the fast-changing market and their store efficiency, we proactively optimise our retail channel management system and have launched a retail-oriented strategy to capture market opportunities. Details are as follows:

1. **Build Retail-oriented Mindset and Appraisal System**

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

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

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

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

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

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

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

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

5. Optimise Retailers' Operating Performance and Store Efficiency

We have adopted flattened sales management and have streamlined our already lean and effective distribution structure so as to facilitate better interaction with retailers. Through our comprehensive monitoring system – which includes a real-time ERP system, weekly reports submitted by POS and frequent channel checks by our sales people – we are able to closely monitor retailers' performance and to carry out immediate measures to help improve the operational efficiency of their stores.

6. **Our Brand Reaches Ultimate Customers through Nationwide Distribution Network**

   An attractive store image and a pleasant shopping experience also play a key role in enhancing retail efficiency and boosting customer traffic. The eye-catching layouts at our flagship stores in prime locations help showcase our distinctive and unified brand image. During the year, we also further optimised our “COC Corners” and “Grand Basketball Corners” at key stores to put our special product series in the spotlight.

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

   We believe that the sustainability of a distribution network is mainly driven by store quality in terms of location, size, store layout, etc., rather than on the number of stores. Therefore, we strategically optimised all forms of our retailers’ stores by enhancing store efficiency and profitability in the ever-changing market during the year. The number of ANTA stores (including performance-based sportswear series and Sports Lifestyle series) by the end of 2013 stood at 7,757 (2012: 8,075).

Overseas Markets

We have selectively increased our penetration into the international market so as to fuel our long-term growth. Our overseas retailers have opened ANTA stores and concessionary counters in Southeast Asia, Eastern Europe and Middle East. We have also launched TVCs, installed outdoor billboards and organised public relations activities to enhance our exposure in these overseas markets.

ANTA'S APPAREL TECHNOLOGY

A-ORGANIC COTTON

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

SORONA

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

A-STATIC

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

A-COOL

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

A-FROZEN SKIN

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

A-FROZEN SKIN

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

A-ANTISEPTIC

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

A-SEAMLESS

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

A-PROOFRAIN III

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

A-PROOFRAIN I

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

A-PROOFRAIN II

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

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

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

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

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

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

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

ANTA'S FOOTWEAR TECHNOLOGY

A-WEB

A-WEB is a more permeable technology, which not only prevents incursion from sand and dust, but also offers a greater degree of comfort for runners by keeping their feet dry

A-SILO

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

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

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

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

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

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

AUTO-ARCH enables greater torsion control and improves stability

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

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

PRS rotate system facilitates greater agility on the feet when spinning

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

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

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

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

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

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

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

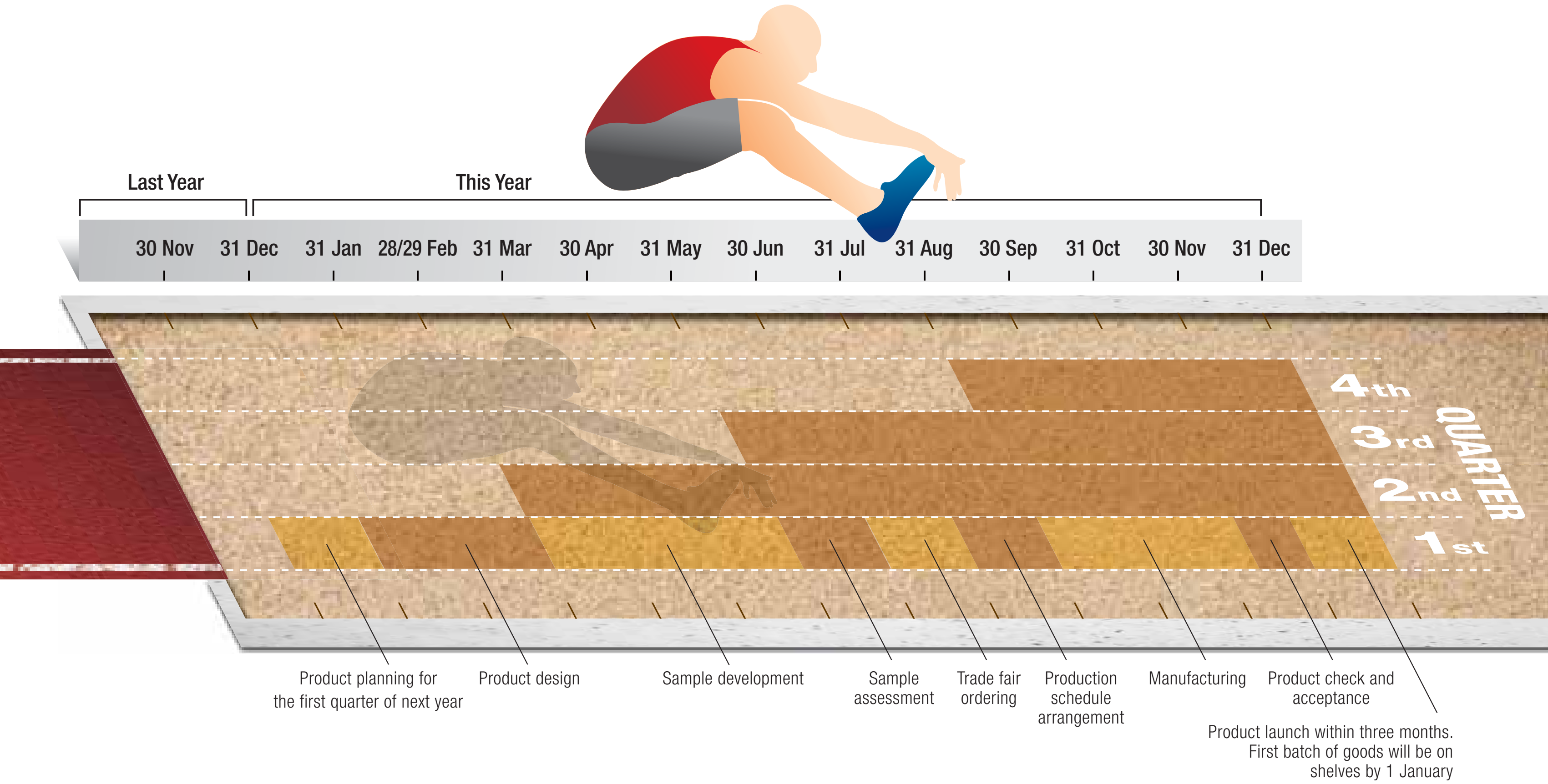
CYCLE OF PRODUCT DESIGN, PRODUCTION AND DELIVERY

SUPPLY CHAIN MANAGEMENT

Product differentiation, quick replenishment and value-for-money positioning are our most powerful weapons to improve our store efficiency and help us stay competitive. In order to fulfill our retail-oriented strategy, we emphasise the importance of product innovation, responsiveness in our supply chain, and cost and quality controls. During the year, we further optimised our R&D and supply chain capabilities to bring us greater product differentiation. Our relentless efforts in developing value-for-money products also enabled our brand to rank as the top seller of travel and sports shoes continuously in the "2012 China Retail Consumption Statistical Analysis" conducted by the China General Chamber of Commerce and the China National Commercial Information Centre for 12 consecutive years.

Product Innovation

Our retail-oriented strategy not only aims to enhance controls over our retail channels, but also to develop products that are truly welcomed by consumers. To better cater to different needs of sophisticated consumers, we are devoted to enhancing our R&D resources to deliver functional yet affordable sportswear products. We also regularly upgrade our core technologies to maximise the value of our diverse products. During the year, we launched the A-Silo 3.0 running shoes with improved functionality suitable for mid-to-long-distance runners. To provide runners better fit and prevent injuries, the nodes featuring human engineering design at the soles are arranged and distributed in different sizes according to the bone structure and pressure points of the feet. In addition, the A-Silo 3.0 running shoes incorporate our A-Web technology with greater permeability, which not only prevent the incursion of sand and dust, but also offer a greater degree of comfort to runners by keeping their feet dry. Meanwhile, we adopted external technologies from 3M™ and Teflon® and our



self-invented apparel technologies such as A-Frozen, A-Cool, A-Proofrain and A-Warm, etc., to allow wearers to resist unfavourable weather conditions. During the year, we introduced over 2,000, 3,000 and 1,500 new styles to our footwear, apparel and accessories portfolios respectively, to cater for both professional and casual users.

Quality Control

Product quality plays a strategic role in consumers' purchasing decisions, especially for footwear. Therefore, offering comfortable and protective products for consumers is always the top priority for us to gain market shares. During the year, we adopted ISO international testing standards to ensure that the quality of our products complies with international standards. We also actively involved our suppliers, OEM and ODM in the quality management process to prevent quality issues at the source. Meanwhile, we not only provided training and assessment to improve their quality control capabilities, but also optimised a duo-checking system for raw materials and finished products to identify and eliminate potential quality risks.

Supply Chain and Operational Management

Our effective and reliable supply chain is one of our best weapons in maintaining operational efficiency of us and our retailers. It not only enables us to produce value-for-money and functional sportswear products, but also grants us the extra flexibility to meet unforeseeable demand. Thanks to our cohesive relationships with quality OEM and ODM, as well as our solid in-house production capabilities, we can adjust production schedules and fulfill replenishment orders in a timely and cost-effective manner. To allow better visibility on consumer demand, we have further strengthened our supply chain so as to shorten the production lead time. Furthermore, we fully support our supply chain partners to enhance their quality controls and workflow efficiency and to improve their responsiveness to market changes.

Production Capabilities

Our strategic mix of in-house and outsourced production allows us to better respond to market conditions and changes in consumer preferences. In order to enhance our replenishment flexibility and to maintain cost-leadership, we have further enhanced our production efficiency. For the year, the respective proportions of self-produced footwear and apparel and procured footwear and apparel were 48.9% and 17.0%, respectively (2012: 46.0% and 15.5%).

PUNCHIN
AHEA

“拳”力向前

Zou Shiming, a two-time Olympic boxing gold medalist

KIDS SPORTSWEAR SERIES

While maintaining our leading position in the performance-based sportswear market for youngsters and adults, we also launched our Kids sportswear series in 2008 to penetrate the high potential kids sportswear market in China. This market is generally expected to grow more rapidly as the Chinese government intends to loosen the One-child Policy. Moreover, this market is still fragmented, and well-established brands are generally considered to possess advantages over immature new players. As ANTA is the first domestic sportswear brand to enter this market, our Kids sportswear series has been well-received and is well-positioned to capture the tremendous opportunities ahead due to our products' good credibility and affordability. To increase our market share and to enhance overall store efficiency, we strive to reinforce the competitiveness of our distribution network. The number of Kids sportswear series stores in China stood at 881 (2012: 833) at the end of 2013. Meanwhile, we continued to upgrade our store image, optimise our product display quality and standardise the mix-and-match of clothing in line with the quarterly theme stories of our signature products.

Driven by urbanisation, improving livelihoods and rising affluence in China, more parents are demanding branded kids sportswear for the higher levels of quality, safety and functionality. Therefore, we are dedicated to offering the most stylish, protective and comfortable products for children aged 3-14. During the year, we rolled out over 1,000 new styles of kids products. Our experienced R&D experts thoroughly studied the characteristics of children's feet and bodies at each stage of physical growth so as to develop products fitting their shapes and sizes. Our advanced technology A-Silo was also applied to featured 2013 footwear products to offer kids excellent lightweight, soft, breathable and comfortable wearing experience during exercise. Moreover, we integrated technologies such as A-Cool, A-Proofrain II, Light A-Warm, Reflecting A-Warm, etc. into our trendy and colourful windbreakers, velvet jackets and light down jackets. These apparel products can keep kids dry and warm in wet and cold weather conditions.

With the aim of letting children grow up happily and healthily, our Kids sportswear series not only help build strong brand loyalty to ANTA among children aged 3-14, but also meets their developmental needs in childhood. We always make the best use of our brand website and popular social networks to promote our high-quality products and arouse kids' enthusiasm in sports through a series of promotional activities. During the year, we kicked off the "Be Home An Hour Earlier, Daddy" campaign with the Champion Fund, encouraging fathers to spend more time to play, to communicate and to participate in sports with their kids through Sina Weibo, an online social networking platform. We also co-held the 4th Mock Olympic Games for Kids with the Bird's Nest Children Experience Centre to promote the Olympic spirit and to share the joy of sports. These events not only involved the enthusiastic participation of many parents and their children, but also attracted extensive attention nationwide, and thereby further enhanced the recognition of our Kids sportswear series.

E-COMMERCE BUSINESS

Online shopping has become more popular among consumers, particularly among the young working population, due to the rapid development of Internet and the growing sophistication of online selling platforms. Seeing the strong growth in online sales, we launched our e-commerce business in early 2010. In addition to our official online flagship store (Anta.cn), we have engaged in strategic cooperation with the most renowned and well-developed e-commerce platforms in China, namely Tmall.com, JD.com, Taobao.com, Amazon.cn, Paipai.com, Vip.com, etc., so as to strengthen our presence in this emerging high-potential market.

We have self-owned online flagship stores at a number of aforementioned e-commerce platforms. We also allow some established online retailers to sell ANTA products. Product launch schedules, priorities and styles on e-commerce platforms are all standardised so as to prevent product cannibalisation and competition between our online and offline retailers and to maintain a win-win relationship with them. More importantly, we strive to help our online retailers stay competitive by strictly requiring them to follow our unified sales policies, and to ensure that their logistics and after-sales services are up to our standards.

We believe that rather than throat-cutting prices, broader product selections, better-looking and user-friendly webstores, more efficient logistics and comprehensive after-sales services are the keys to outperforming the e-commerce market. Therefore, our experienced online sales team is dedicated to attracting more online shoppers and increasing sales for our self-owned webstores and our third party online retailers. We achieve this by optimising webstore interface, improving product descriptions and displays and enhancing product searching and sorting functions. We have also established a highly efficient and responsive logistics system which aims to provide online shoppers the fastest and the most reliable delivery service.

Our e-commerce channels are not merely channels for clearing off-season inventory, but rather provide us a convenient and interactive platform to promote our innovative, high-quality and value-for-money products on the Internet. Our brand-new signature products, including our A-Silo running shoes, RR1 and KG IV basketball shoes, etc., were simultaneously released at our self-owned online flagship stores to capture demand in the fast-growing online market. We have also progressively expanded the selection of new products by launching online exclusive products according to the latest market trends and online shoppers' preferences.

VIAGGIO DEL RINASCIMEN
文藝復興之旅

Women's swimming team of Hong Kong, China Delegation in FILA-designed sports uniform (photo provided by Sports Federation and Olympic Committee of Hong Kong, China)

FILA BUSINESS IN THE PRC

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

In addition to optimising our distribution network and retail management, we are dedicated to raising awareness of FILA and deepening FILA's impact on the young elite segment in the PRC. In January 2013, a large-scale FILA fashion show was held in Beijing to unveil the "La Dolce Vita" themed 2013 Spring/Summer collection. Furthermore, in June 2013, another new collection, "Viaggio del Rinascimento", was showcased at the FILA 2013 Fall/Winter collection launch event in Macao. Shu Qi, a well-known movie star, was named the brand ambassador for these eye-catching collections. FILA's trendy lifestyle brand image and stylish products enjoyed greater differentiation and consumer desirability through her unique charisma and impressive advertising campaigns. In addition, we continued to cooperate with renowned fashion designer Matthew Waldman to roll out the brand new "FILA x NOOKA CL" product series. More importantly, FILA has been an Official Sports Uniform Sponsor for the Hong Kong, China Delegation since 2012, enabling the heritage and uniqueness of FILA products to capture the attention of our target consumers at major international sporting events.

Men's athletics team of Hong Kong, China Delegation in FILA-designed sports uniform (photo provided by Sports Federation and Olympic Committee of Hong Kong, China)

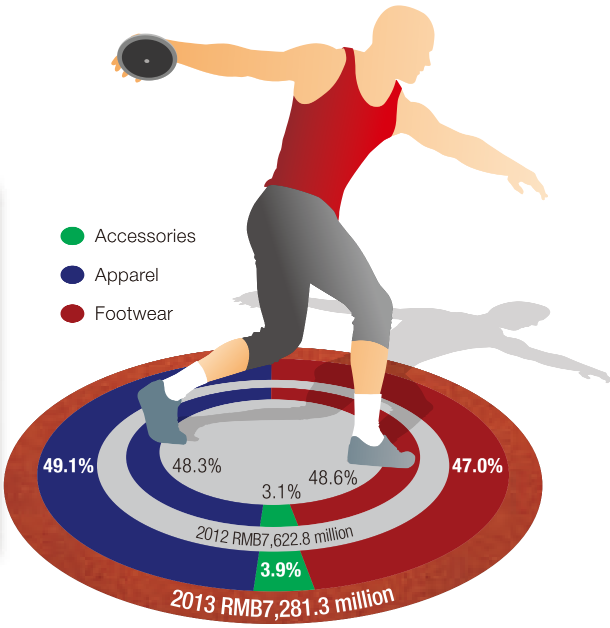
Shu Qi, FILA's Ambassador in the PRC

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	**2013**		2012		Changes
	(RMB million)	**(% of turnover)**	(RMB million)	(% of turnover)	(%)
Footwear	**3,420.7**	**47.0**	3,706.0	48.6	↓ 7.7
Apparel	**3,574.5**	**49.1**	3,677.3	48.3	↓ 2.8
Accessories	**286.1**	**3.9**	239.5	3.1	↑ 19.5
Overall	**7,281.3**	**100.0**	7,622.8	100.0	↓ 4.5



During the final year, the Group's turnover decreased by 4.5% which is smaller than the drop of order value of 2013 trade fairs for ANTA products as announced before as the Group has proactively controlled the distributors' orders to reduce their inventory risks and enhanced responsiveness of the supply chain to fulfill the distributors' replenishment orders. Moreover, due to proper market positioning, the growth of Kids sportswear series, FILA branded products and sales through e-commerce is promising.

Gross Profit and Gross Profit Margin Breakdown by Product Category

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

Year ended 31 December	**2013**		2012		Changes
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	(% points)
Footwear	**1,522.9**	**44.5**	1,444.0	39.0	↑ 5.5
Apparel	**1,416.7**	**39.6**	1,369.0	37.2	↑ 2.4
Accessories	**99.7**	**34.8**	80.2	33.5	↑ 1.3
Overall	**3,039.3**	**41.7**	2,893.2	38.0	↑ 3.7

Amid keen market competition, the Group's overall gross profit margin for the financial year has greatly improved as compared with 2012 because during 2012 the Group proactively provided more incentives to the distributors to clear the accumulated inventories and re-purchased certain slow moving inventories from the distributors. In addition, the acquired footwear production facilities in mid-2012 have made full year contribution on improving footwear production efficiency in the financial year.

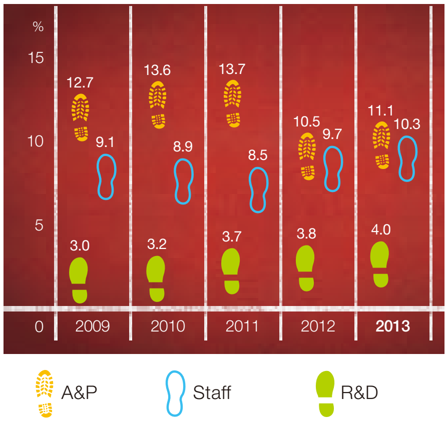
Other Revenue

Other revenue for the financial year mainly represented government grants of RMB90.5 million (2012: RMB106.0 million).

Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has increased by 0.6% point for the financial year due to decrease in sales turnover. The ratio of staff costs to turnover has increased by 0.6% point mainly due to decrease in turnover. The ratio of R&D costs to cost of sales has increased by 0.2% point mainly due to decrease in cost of sales.

Operating Expenses Ratios



Operating Profit Margin

Operating profit margin increased by 1.0% point which was less than the 3.7% point increase in the gross profit margin for the financial year, which was mainly due to the increase in selling and distribution expenses.

Net Finance Income

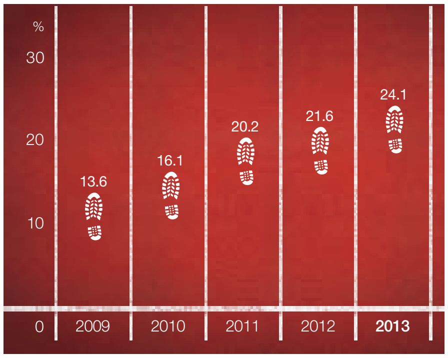
The increase in interest income was mainly due to placement of longer tenor deposits with higher interest rate during the financial year.

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

Effective Tax Rate

Effective tax rate increased from 21.6% for 2012 to 24.1%, mainly because certain subsidiaries in the PRC which were entitled to a lower preferential tax rate in 2012 have been subject to a higher preferential tax rate since 1 January 2013.

Effective Tax Rate



Margin of Profit attributable to Equity Shareholders

Margin of profit attributable to equity shareholders increased by 0.3% point for the financial year which was due to the 1.0% point increase in operating profit margin and the increase in the net finance income, partially offset by the increase in the effective tax rate.

Write down of inventories

For the financial year, the write-down of inventories charged to the profit and loss was RMB7.7 million (2012: RMB90.5 million). In 2012, the Group proactively provided more incentives to the distributors to clear the accumulated inventories and re-purchased certain slow moving inventories from the distributors.

Provision for Doubtful Debts

For the financial year, the provision for doubtful debts charged to the profit and loss was RMB25.8 million (2012: RMB44.3 million).

Dividends

The Board has recommended a final dividend of HK22 cents per ordinary share and a special dividend of HK7 cents per ordinary share in respect of the financial year, together with payment of an interim dividend of HK19 cents per ordinary share, representing a total payout of RMB942.8 million (2012: RMB973.7 million), or a distribution of 71.7% (2012: 71.7%) of the current year's profit attributable to equity shareholders.

Liquidity and Financial Resources

As at 31 December 2013, the cash and cash equivalents of the Group amounted to RMB4,344.3 million (not including fixed deposits held at banks with maturity over three months totalling RMB495.0 million), representing an increase of RMB336.7 million as compared with the cash and cash equivalents of RMB4,007.6 million as at 31 December 2012. The net cash and cash equivalents (including pledged deposits plus other current financial assets minus secured bank loan) was RMB5,074.5 million as at 31 December 2013 (as at 31 December 2012: RMB5,045.8 million). This is mainly attributable to:

- Net cash inflows from operating activities amounted to RMB1,128.1 million, which was temporarily lower than the profit attributable to equity shareholders. It was mainly due to temporary increase in advance payments to suppliers when more productions were scheduled in advance.

- Net cash inflows from investing activities amounted to RMB620.1 million, mainly including capital expenditures amounting to RMB178.7 million, payment for acquisition of interest in subsidiaries amounting to RMB15.2 million, net decrease in placement of fixed deposits held at banks with maturity over three months by RMB485.0 million, net decrease in pledged deposits amounting to RMB9.3 million, and net decrease in other financial assets amounting to RMB312.2 million.

- Net cash outflows from financing activities amounted to RMB1,407.5 million, which represented the payment of the final and special dividends in respect of the financial year 2012 and the interim dividend in respect of the financial year, and the repayment of secured bank loans offsetting with the new drawdown of a secured bank loan.

Year ended 31 December	2013	2012
	(RMB million)	(RMB million)
Operating cash inflow	1,128.1	1,965.0
Capital expenditure	(178.7)	(226.6)
Acquisition of interest in subsidiaries	(15.2)	(136.3)
Others	7.5	7.9
Free cash inflow	941.7	1,610.0
Cash and bank balances (including pledged deposits)	5,054.7	5,212.3
Other current financial assets	510.0	830.0
Secured bank loans	(490.2)	(996.5)
Net cash and cash equivalents as at 31 December	5,074.5	5,045.8

As at 31 December 2013, total assets of the Group were RMB10,118.1 million of which current assets were RMB8,187.1 million. Total liabilities and non-controlling interests were RMB2,964.1 million and total shareholders' equity amounted to RMB7,154.0 million. The Group's gearing ratio was 4.8% as at 31 December 2013 (as at 31 December 2012: 9.9%), being a ratio of secured bank loan of RMB490.2 million (as at 31 December 2012: RMB996.5 million) to total assets. Such bank loan was denominated in Hong Kong dollar.

Assets/Liabilities Turnover Ratio

The average inventory turnover days increased by 8 days, mainly due to decrease in cost of sales. The average trade receivables turnover days increased by 4 days mainly due to decrease in sales turnover. The average trade payables turnover days increase by 18 days, mainly due to decrease in cost of sales.

Assets/Liabilities Turnover Days

Pledge of Assets

As at 31 December 2013, the Group had an unlisted available-for-sale investment of RMB510.0 million (as at 31 December 2012: RMB830.0 million) and bank deposits of RMB215.5 million (as at 31 December 2012: RMB224.7 million) pledged to secure bankers' documentary credits for certain construction projects, contracts and a secured bank loan.

Capital Commitments and Contingencies

As at 31 December 2013, the Group had capital commitments of RMB328.9 million, primarily relating to the development of new information management systems and the expansion of in-house production facilities.

As at 31 December 2013, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Financial Management Policies

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

Significant Investments and Acquisitions

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

Strong Financial Position

10,118.1

Total assets (million)

PROSPECTS

Certain sportswear brands' unresolved issues of excess inventory and deep price cuts are generally expected to bring uncertainty to China's sportswear industry in the short-term. However, our strong fundamentals and effective retail-oriented measures make us capable of coping with potential challenges amid the intensifying competition ahead. Meanwhile, we see continuous positive growth in our future orders on improving profitability and stronger confidence of our retailers, which is a clear signal that we are recovering. Moreover, it is generally believed that the ongoing urbanisation, the improvement in livelihoods and the popularisation of sports in China will further drive demand for affordable sportswear with good features. Looking forward, we will leverage our core strengths, including our strong brand equity, high product differentiation, sound management of retail channels and cost-effective and responsive supply chains to maintain our leading position in various market segments and to tap the market potential in the long run.

Strengthening Our Brand with Cost-effective Marketing Strategy

We always focus on cost-effectiveness and the synergy between our diverse sports resources and our branding strategies. Our continuing long term partnership with the COC proves the long standing trust and recognition of our brand and products by the Chinese officials and China's champion athletes. To further differentiate our brand among our peers, we will make every effort to provide high-quality outfits for award ceremony to the CSD and sportswear to 16 sponsored China national teams at the most notable Sochi Winter Olympics and Incheon Asian Games in 2014. We will also draw people's attention to ANTA and to these events and will strengthen our professional image of representing the essence of China's sports through all forms of marketing platforms such as digital media and social networking websites. Furthermore, with our dedication to strengthening our leadership in the basketball market, we will continue to uphold our brand concept of "Basketball is Priceless" by offering value-for-money basketball products featuring premium functions to consumers. More importantly, the joining of the new-generation NBA outstanding players Rajon Rondo and Chandler Parsons makes our star-studded endorsement lineup more complete. We will leverage their strong influence and popularity to boost sales and to stir up a stronger basketball craze in China.

Implementing a Retail-oriented Strategy to Stay Competitive

In order to maintain a sustainable distribution network, we will continue to implement retail-oriented measures to help our retailers improve their retail performance, maximise their profitability, and manage their orders and in-store inventory. The ongoing industry consolidation brings us more opportunities to open high-efficiency stores and to strengthen our presence at prime locations in high-potential cities in China. We expect that there will be total of between 7,700 to 7,800 ANTA stores (including performance-based sportswear series and Sports Lifestyle series), 900 to 1,000 Kids sportswear series stores and 450 to 500 FILA stores in the PRC by the end of 2014. Besides the increasing adoption of sixth-generation ANTA store image in the brick-and-mortar retail channel, we will also further optimise our in-store POPs and product displays so as to increase customer traffic and to generate higher sales for our retailers. In view of the rapid growth of online shopping, we will expand our e-commerce platforms and roll out unique products that cater for online shoppers.

Enhancing Product Differentiation through Continuous Innovation

We always make the best use of our R&D resources and introduce new technologies regularly to enhance the functionality of affordable ANTA products. We will continue to provide comfort and foot protection for adults, youngsters and kids by integrating our advanced technologies such as A-Jelly, A-Silo and A-Web into our footwear products. To enhance consumers' athletic performance and to cater for their specific needs, we are committed to innovating unprecedented functional technologies. Moreover, all forms of apparel technologies and high performance fabrics for different sports and weather conditions will be applied to our diverse range of apparel products. In addition, more eye-catching FILA collections will be launched through highly-effective publicity campaigns and the in-store POP featuring our brand ambassador Shu Qi to showcase FILA's unique brand image and trendy lifestyle to high-end consumers.

Achieving Sustainability through the Optimisation of Operations

Our advanced ERP system enables us to monitor our retailers' performance and to manage their in-store inventory more effectively. It also gives us better visibility on consumer demand and preferences. We will further optimise our analytical capabilities and will expand the ERP system coverage in our retail channels so as to develop products that are in line with the latest market trends. The most accurate ordering guides and replenishment forecasts will be formulated for our retailers. We will also enhance the flexibility and efficiency in replenishment and will further shorten the lead time involved. In addition, our cost and quality controls, execution capabilities and production techniques will be strengthened, allowing us to meet potential demand with our cost-competitive and market-responsive supply chains.

正面引導 榜樣帶動

POSITIVE LEADERSHIP AND EXEMPLARY IN ACTION

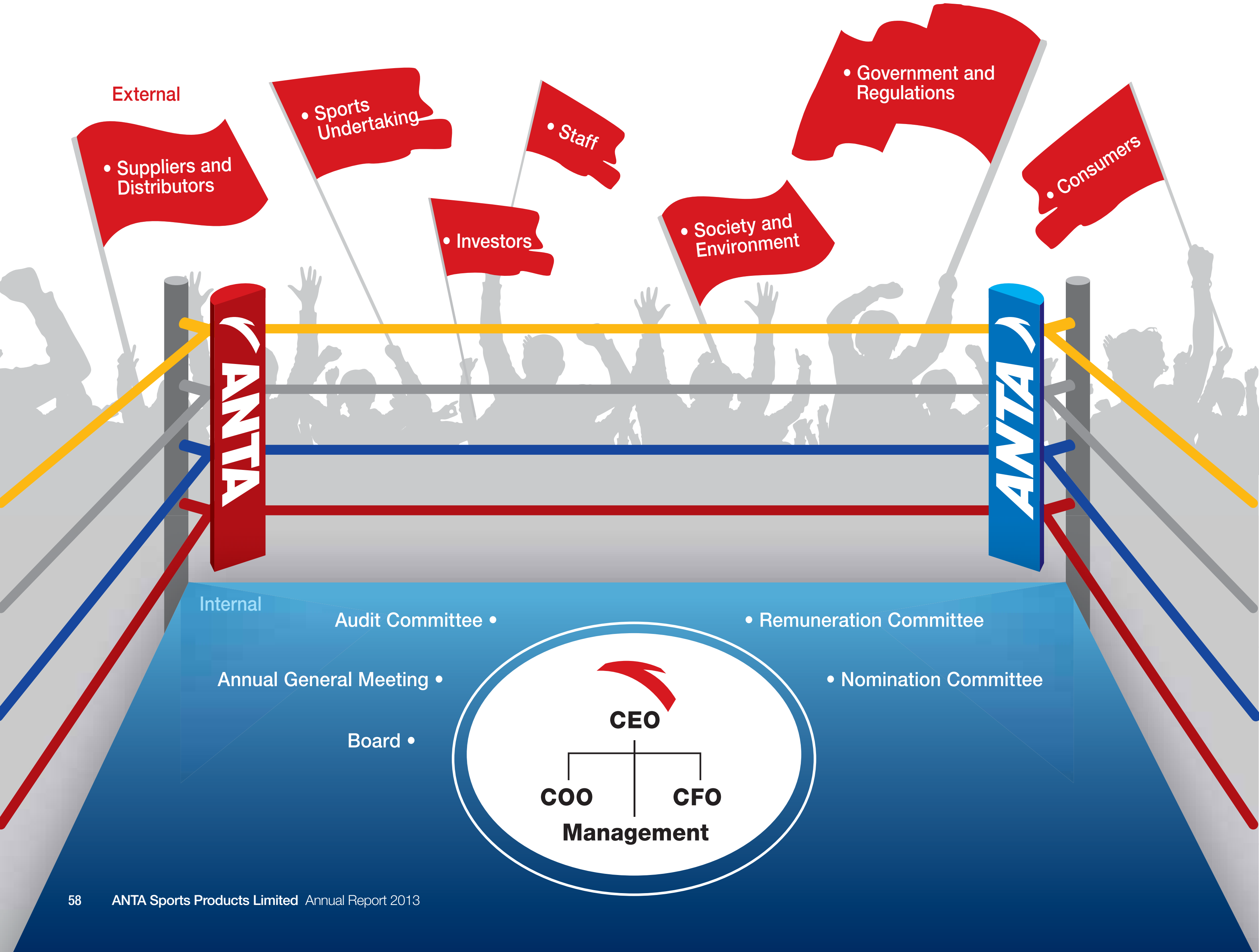

CHINA

CORPORATE SOCIAL RESPONSIBILITY REPORT

We aim to create a more sustainable environment and improve the well-being of society. Hence, we make every effort to incorporate our social responsibilities into our corporate strategies and operational decisions as we endeavour to enhance our relationships with all stakeholders and to create value for them. During the year, we worked with different organisations and actively participated in a diverse range of charitable activities encompassing youth education and development, sports development, environmental protection and community support so as to bring a positive impact to society.

Community Involvement

Being committed to society, we care about underprivileged people and nurturing the next generation. As young people are the future pillars of our society, supporting education and youth development are our key focuses. Therefore, we encourage and mobilise our staff, business partners and endorsed players to fully support children's charities. Apart from subsidising tuition, donating money and stationery to students in need, we launched a series of charitable activities focusing on youth development and the development of sports in schools in China. We also presented a tailor-made sportswear series to Beijing Sport University as a gift to celebrate its 60th anniversary and to promote the development of sports and physical education in China. In addition, in the aftermath of natural disasters, we provide financial support to areas in need of rescue and relief work. In response to the severe earthquake that hit Ya'an, Sichuan Province in April 2013, we donated approximately RMB10 million in cash and supplies to the victims. Our employees are also highly involved in relief work and donate money and goods.



Our Chairman and CEO, Mr. Ding Shizhong, personally participates in charity events and school visits so as to set a good example for our employees. During the year, we partnered with the COC, the Champion Fund and the Juan Antonio Samaranch Foundation to establish the "Olympic Charity Collaboration Alliance", which focuses on the development of the sports industry and the popularisation of sports in schools in China. The Alliance initiated the first "Sport-All for All" charity project in April, donating approximately RMB20 million worth of sportswear to about 200 schools in over 31 provinces and municipalities in China. In October, Mr. Ding led the "Bringing Elite Football Coaches to Schools—Charity Services by Olympic Athletes" cum "ANTA and Sport-All for All" joint charity project in Ya'an, Sichuan Province with the COC and the China Football Association. Our volunteer team and a number of Olympic Champions visited Anshunchang Bayi Elementary School in Shimian County, Ya'an city, playing sports with children and donating sportswear to two local schools. Furthermore, we sponsored the Olympic Day Run for the fifth consecutive year and organised Outdoor Street Basketball Leagues to promote sports participation and the joyfulness of doing sports in China.

Environmental Protection

We are strongly committed to achieving environmental sustainability and incorporating it in our daily operations. To minimise our environmental impact while ensuring high standards in our product quality, our in-house factories operate in strict compliance with environmental regulations and rules. We have received all necessary permission and approval from the relevant regulators, and have held ISO14001 Environmental Management Systems certification since 2005. Furthermore, we have implemented an Environmental Management System based on ISO14001 at both our offices and in-house factories to formulate environmental management targets, to monitor our emissions and to initiate environmental protection-related activities. This system helps us address environmental issues and improve environmental performance, and the related analysis is regularly reported to the senior management for review and improvement. In addition, we employ a third-party auditor on a regular basis to monitor any impact that our daily operations may pose to the environment so as to ensure that our performance meets the national

standards. Meanwhile, we require our major suppliers to be environmentally-conscious and provide them with guidelines, including "Chemical Safety Guidelines on Apparel, Footwear and Accessories", and "Supplier Chemical Safety Handbook", as well as consultation on environmental issues so that they can similarly engage in environmental protection. To promote better environmental practices among our suppliers, we conduct regular checks on our suppliers to ensure their chemical usage is up to standard and encourage them to obtain certifications to improve their environmental protection standards.

"Reduce, Reuse and Recycle" is the theme of our environmental campaigns, and we prioritise this theme in our daily operations. We reduce energy consumption by optimising production procedures and efficiency. In addition, we tightly monitor energy consumption at our offices and in-house factories and encourage our staff to make use of natural light. Permission is needed for lighting and air conditioning during non-business hours. We ensure that the green coverage ratio for each floor of our offices meets a certain standard. Furthermore, we source eco-friendly materials such as organic cotton and bio-degradable substances and convert them into our product offerings. We encourage staff involvement in building a greener society. During the year, our volunteer team planted saplings at Wuling Farm in Quanzhou and has helped to clean up the farm to fulfill our environmental commitments through efforts in promoting green living.

Harmonious Workplace

We are making efforts to promote diversity in our workplace, protect employee rights and encourage a harmonious corporate culture. We encourage our employees to demonstrate our core values and to enhance the sense of belonging to us. We provide equal opportunities to workers of all ages and genders. As at 31 December 2013, we had about 12,700 employees (2012: 11,900 employees), of which 48% were male and 52% were female.

We encourage individual learning and self-improvement among our employees, and help them explore their "keep moving" spirit. During the year, we have organised 378 training classes totalling 24,285 training hours, which included mentorship programmes, classroom trainings, sharing sessions, on the job training and retail training camps. Through such training sessions, we aim to equip our employees with professional knowledge and to identify their personal strengths. In addition, we encourage our employees to pursue continuing education and support these endeavours by providing education subsidies. Also, we have implemented a fair and transparent performance evaluation system to motivate our employees and enhance their job satisfaction. During the year, we have organised 19 internal examinations and promoted more than 300 employees.

We value and retain our employees by offering them competitive remuneration packages as well as a comprehensive welfare programme. Apart from attractive bonus system, staff vouchers, staff discounts, transport services and meal subsidies, we provide health check-ups and mental health seminars to our staff as a safeguard against potential health issues. In addition, we value the opinions of our employees of all different levels. Our

Labour Union helps employees protect their rights and express their opinions. Various channels, such as “CEO Day”, sharing sessions and employee satisfaction surveys are conducted regularly in order to foster communication. Furthermore, our internal monthly newsletter, “ANTA Youth”, provides the latest updates on ANTA news and gives our staff a platform to share their views. We have also launched various online platforms for employees to share their thoughts in an accessible and convenient manner. To encourage a harmonious corporate culture and to promote 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, as well as a variety of educational, social, sports and volunteer activities that include birthday parties, annual party, make-up workshops, outings, sports club events, basketball and badminton competitions.

We always place top priority on protecting human rights and ensuring workplace health and safety. In addition to complying with all labour laws, regulations and industry practices, including minimum wages, gender equality and the prohibition on child labour, we have established internal employee handbooks which standardise workplace practices. We also require our business partners to strictly follow these practices. To prevent workplace injuries, we work in strict compliance with our “Safety Handbook” as well as “Environmental and Occupational Health Handbook”, and request our employees follow all safety precautions and procedures. Our well-trained safety officers constantly monitor our safety measures to ensure that they meet the highest standards and our employees on the production line receive safety training and use protective gears. Our injury rate was 0.01% during the year, and we will continue to work hard to ensure a safe working environment.

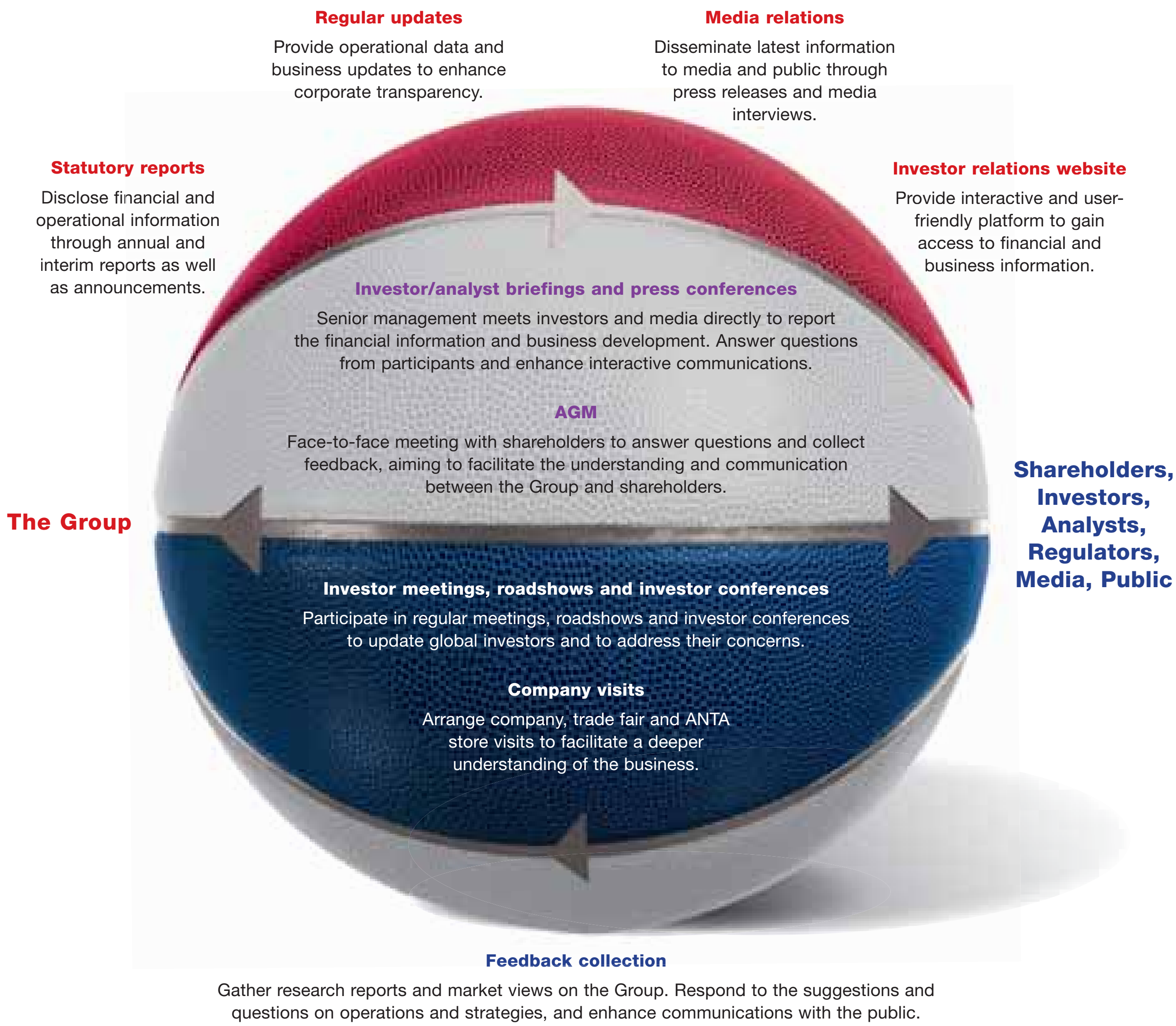
Corporate Governance

High standards of corporate governance are essential to our sustainable development. We engage in frequent communication with our suppliers, distributors, business partners and stakeholders to share with them our standards and requirements. We communicate with our distributors and retailers and offer them timely support, share retail analysis and market insights with them. Furthermore, we actively share with our suppliers best practices on enhancing their management, operations and R&D capabilities.

We conduct regular reviews of our corporate governance practices in response to changing trends and to ensure full compliance with the Listing Rules to disseminate information to our investors and to the public in a timely, fair and transparent manner. We understand that effective communication and accurate information disclosure not only give us credibility, but also facilitate the flow of constructive feedback and ideas that are beneficial to our future development. We strive to enhance our investor relations and communications work by disclosing financial and operational information to the public via annual and interim reports as well as announcements. Besides, we provide quick response to shareholders, investors and analysts' enquiries through frequent communications and organising meetings with them. Company, trade fair and store visits also allow them to have a deeper understanding of our business.

Our brand and investor relations websites (http://www.anta.com and http://ir.anta.com, facilitate effective communication with our stakeholders. We not only announce financial results and hold AGMs promptly, but also upload the latest updates and other relevant information onto the website on a timely basis, such as annual and interim reports, press releases, announcements and webcast presentations for interim and annual results. In view of the popularity of mobile marketing, we have launched a mobile version of our investor relations website (http://m.ir.anta.com) to enhance the accessibility of information for our mobile readers. During the year, our 2012 Annual Report was named the Honors Winner of Printing and Production - Sporting Equipment and Goods Category at the International ARC Awards 2013. Our outstanding annual report also earned the Citation for Design Award at the Hong Kong Management Association's Best Annual Report Awards 2013. We were also named "Outstanding Company on Corporate Governance – China" award at the "9th Corporate Governance Asia Recognition Awards" presented by Corporate Governance Asia magazine, demonstrating that our good corporate governance practices are widely recognised.

Interactions between the Group and the Investing Public



INVESTORS INFORMATION

Share Information

Listing Day:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares in outstanding:	2,495,351,000 shares (As at 31 December 2013)

Stock Codes

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

Dividends

HK cents	2009	2010	2011	2012	**2013**
Interim dividend	12	20	26	23	**19**
Final dividend	12	25	26	17	**22**
Special dividend	11	-	-	8	**7**

IMPORTANT DATES

26 February 2014	Annual results announcement
9 April 2014	Annual general meeting
15 April 2014 4:30 p.m.	Record date of 2013 final dividend and special dividend
On or about 29 April 2014	Payment date of 2013 final dividend and special dividend
31 December 2014	Financial year end date of 2014

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 12 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

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 2013.

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 121 to 123 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:

	2013 Percentage of the Group's total		2012 Percentage of the Group's total	
	Sales	**Purchases**	Sales	Purchases
The largest customer	**5.1%**		4.5%	
Five largest customers in aggregate	**19.2%**		19.8%	
The largest supplier		**4.7%**		4.7%
Five largest suppliers in aggregate		**19.1%**		19.7%

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 2013 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 82 to 123 of the annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB1,314,835,000 (2012: RMB1,358,701,000) have been transferred to reserves. Other movements in reserves are set out in note 26 to the consolidated financial statements.

An interim dividend of HK19 cents per ordinary share (2012: HK23 cents per ordinary share) was paid on 3 September 2013. The Directors now recommend the payment of a final dividend of HK22 cents per ordinary share (2012: HK17 cents per ordinary share) and a special dividend of HK7 cents per ordinary share (2012: HK8 cents per ordinary share) in respect of the year ended 31 December 2013.

REPORT OF THE DIRECTORS

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB2,046,000 (2012: RMB6,588,000).

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 Loan

Details of bank loan of the Group as at 31 December 2013 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 79 and 80 of the annual report.

In accordance with article 87 of the Company's articles of association, Mr. Wang Wenmo, Mr. Wu Yonghua and Mr. Lu Hong Te 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 2013, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of Shares interested	Number of underlying Shares interested[2]	Approximate percentage of interest in such corporation[1]
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,438,346,000 (L)[3]	–	57.64%
	Anta International	Founder of a discretionary trust	4,144 (L)[3]	–	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,432,900,000 (L)[4]	–	57.42%
	Anta International	Founder of a discretionary trust	4,084 (L)[4]	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	167,700,000 (L)[5]	–	6.72%
	Company	Beneficial owner	–	5,250,000 (L)	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 (L)[6]	–	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 (L)[7]	–	6.01%
Mr. Zheng Jie	Company	Beneficial owner	300,000 (L)	–	0.01%
	Company	Beneficial owner	–	400,000 (L)	0.02%

(L) — Long Position

Notes:

(1) As at 31 December 2013, the number of outstanding ordinary shares of the Company and of Anta International were 2,495,351,000 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 57.38% of the issued share capital of the Company as at 31 December 2013, 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.

(4) *1,431,900,000 Shares were held through Anta International, representing held 57.38% of the issued share capital of the Company as at 31 December 2013, 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 2013. 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 2013. 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 2013. 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 2013, 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 2013, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee (other than a bare trustee)[1]	1,727,653,000 (L)	69.23%
Anta International	Beneficial owner	1,431,900,000 (L)	57.38%
Allwealth Assets Limited	Interest in controlled corporation[1]	1,432,900,000 (L)	57.42%
Shine Well	Interest in controlled corporation[1]	1,431,900,000 (L)	57.38%
	Beneficial owner[1]	6,446,000 (L)	0.26%
Talent Trend	Interest in controlled corporation[1]	1,431,900,000 (L)	57.38%
	Beneficial owner[1]	1,000,000 (L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation[1]	1,438,346,000 (L)	57.64%
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

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 57.38%, 6.72%, 4.82%, 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) to the consolidated financial statements.

Save as disclosed above, as at 31 December 2013, 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 11 January 2013 and 2 July 2013.

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

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

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

Quanzhou Anda is an associate of Mr. Ding Shizhong and Mr. Lai Shixian (both of them are Executive Directors of the Company) respectively under Rule 14A.11 of the Listing Rules and is therefore a connected person of the Company. The transactions under the Packaging Material Supply Agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

During the financial year, the Group's purchase of paper packaging materials from Quanzhou Anda amounted to RMB23,990,000.

2. Master Services Agreement with Mr. Ding Shijia

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

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

Mr. Ding Shijia (an Executive Director and a substantial shareholder of the Company) is a connected person of the Company. The Relevant Entities, being companies controlled by Mr. Ding Shijia, his family members and/or and close relatives, are associates of Mr. Ding Shijia under Rule 14A.11 of the Listing Rules, and are therefore connected persons of the Company. The transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

During the financial year, service fee for the provision of Relevant Services to the Group by Mr. Ding Shijia (for and on behalf of the Relevant Entities) amounted to RMB10,837,000.

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 lapsed during the financial year (2012: Nil). As at 31 December 2013, the total number of shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO Option is 9,174,000.

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, 12,252,000 options lapsed (2012: 3,046,000). As at 31 December 2013, the total number of shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme is 9,312,000.

Corporate Governance

In respect of the year ended 31 December 2013, save as disclosed in the Corporate Governance Report on pages 73 to 78 of the annual report, all the code provisions set out in the Code (as defined in the Corporate Governance Report) were met by the Company.

Confirmation of Independence

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

Sufficiency of Public Float

Based on the information that is publicly available 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 2013 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, 26 February 2014

CORPORATE GOVERNANCE REPORT

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

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

(A) The Board of Directors

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

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

Executive Directors

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

Independent Non-Executive Directors

Mr. 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 Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. During the financial year, the roles of the Chairman and the Chief Executive Officer 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 both of the roles of Chairman and Chief Executive Officer with Mr. Ding is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises 6 Executive Directors and 3 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

Appointments, Re-election and Removal of Directors

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

Independent Non-Executive Directors

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

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

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

Board Diversity Policy

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

Training and Support for Directors

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

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

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

A: attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics.
B: reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.

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 Code. Members of the Audit Committee comprise Mr. Yeung Chi Tat (chairman), Mr. Lu Hong Te and Mr. Dai Zhongchuan, all of whom are Independent Non-Executive Directors.

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

The Audit Committee met 2 times during the financial year. During the meetings, the Audit Committee considered the annual results of the Group for the year ended 31 December 2012 and the interim results of the Group for the 6 months ended 30 June 2013 as well as the reports prepared by the external auditors relating to accounting and internal control issues and major findings in the course of audit/review. In addition, it reviewed the Company's compliance with the Code and the regulatory and statutory requirements, and the disclosure in this Corporate Governance Report. All members of the Audit Committee attended the meetings.

Remuneration Committee

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

The Remuneration Committee met once during the financial year. During the meeting, the Remuneration Committee reviewed the remuneration packages of the Executive Directors and senior management for the year ended 31 December 2012. 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 Code. Members of the Nomination Committee comprise Mr. Lu Hong Te (chairman), Mr. Yeung Chi Tat, both being Independent Non-Executive Directors, and Mr. Lai Shixian, an Executive Director.

The Nomination Committee met 2 times during the financial year. During the meetings, the Nomination Committee reviewed the structure, size and diversity of the Board, and recommended to the Board on the adoption of the Board Diversity Policy and the revised terms of reference of the Nomination Committee.

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 2013	6	2	1	2
Executive Directors				
Mr. Ding Shizhong	4*	N/A	1	N/A
Mr. Ding Shijia	5*	N/A	N/A	N/A
Mr. Lai Shixian	4*	N/A	N/A	2
Mr. Wang Wenmo	5*	N/A	N/A	N/A
Mr. Wu Yonghua	6	N/A	N/A	N/A
Mr. Zheng Jie	6	N/A	N/A	N/A
Independent Non-Executive Directors				
Mr. Yeung Chi Tat	6	2	N/A	2
Mr. Lu Hong Te	6	2	1	2
Mr. Dai Zhongchuan	6	2	1	N/A

* *Those Executive Directors were considered to have conflict of interest on the matters discussed in the Board meetings and therefore abstained from voting at the meetings.*

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

Conflict of Interest

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

Company Secretary

Mr. Ling Shing Ping, the Company Secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During 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 entitles "Directors and Senior Management" in the annual report.

(B) Financial Reporting and Internal Control

Financial Reporting

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

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

External Auditor's Remuneration

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

During the financial year, the fee payable to KPMG in respect of its statutory audit services provided to the Company was RMB3,680,000 (2012: RMB3,680,000). Fees for non-audit services for the same period comprise service charges for the following:

	2013	2012
Review of interim results	**RMB800,000**	RMB800,000
Tax review	**–**	RMB53,000
Internal control review (service rendered by KPMG Advisory (China) Limited)	**RMB500,000**	RMB550,000
Tax compliance (service rendered by KPMG Tax Limited)	**HK$165,000**	HK$70,000
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 2013 AGM was held on 9 April 2013. The attendance record of the Directors at the meeting is set out below:

	AGM
Executive Directors	
Mr. Ding Shizhong *(Chairman)*	1
Mr. Ding Shijia	1
Mr. Lai Shixian	1
Mr. Wang Wenmo	1
Mr. Wu Yonghua	0
Mr. Zheng Jie	1
Independent Non-Executive Directors	
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 62 in the annual report.

By order of the Board

Ling Shing Ping
Company Secretary

Hong Kong, 26 February 2014

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 43, is the Chief Executive Officer, the Executive Director and the Board Chairman of the Company. He is primarily responsible for the overall corporate strategies, brand management, planning and business development of the Group. He joined the Group in July 1994 and has dedicated to expand and promote the Group's business and to develop China's sporting goods industry.

He personally obtained the following recognition:

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

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 57.38% 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 49, 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 nearly 20 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Since 2011, Mr. Ding has been Jinjiang City People's Congress standing deputy. Mr. Ding is the elder brother of Mr. Ding Shizhong, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 57.38% of the issued share capital of the Company.

Mr. Lai Shixian (賴世賢), aged 39, 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 57.38% 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 57, is the Executive Director of the Company. He is primarily responsible for the management of the Group's apparel operations. He joined the Group in June 2000 and has over 20 years of experience in the apparel industry. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 43, 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 45, is the Executive Director of the Company and the Brand President of ANTA. He is primarily responsible for brand and product management. He joined the Group in October 2008 and has over 10 years of experience in the field of marketing management, including nearly 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Shanghai Fudan University.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Yeung Chi Tat（楊志達）, aged 44, 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. Lu Hong Te（呂鴻德）, aged 53, 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 48, is the Independent Non-Executive Director of the Company and joined the Board in April 2009. He holds a bachelor's degree and a master's degree in economics from the Xiamen University. He is currently a deputy of the National People's Congress, an associate dean of the College of Law and a tutor of the master's postgraduate programme in international laws of Huaqiao University. Mr. Dai has over 20 years of working experience in legal research and holds various posts in public services in legal and judiciary area, including a standing committee member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Internal and Judicial Affairs Committee of Quanzhou Municipal People's Congress as well as an arbitrator of Quanzhou Municipal Arbitration Commission. He is an independent director of Fujian Fengzhu Textile Science & Technology Co., Ltd (stock code: 600493) listed on Shanghai Stock Exchange and Xingye Leather Technology Co., Ltd (stock code: 002674) listed on Shenzhen Stock Exchange. Mr. Dai was an independent director of Tianguang Fire-Fighting Incorporated Company (stock code: 002509) listed on Shenzhen Stock Exchange from July 2010 to July 2013.

Senior Management

Mr. Ling Shing Ping（凌昇平）, aged 46, 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 82 to 123, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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 2013 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.

KPMG

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

26 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013 (Expressed in Renminbi)

	Note	**2013 RMB'000**	2012 RMB'000
Turnover	1	**7,281,263**	7,622,808
Cost of sales		**(4,242,009)**	(4,729,642)
Gross profit		**3,039,254**	2,893,166
Other revenue	2	**110,282**	125,432
Other net (loss)/income	2	**(7,995)**	2,893
Selling and distribution expenses		**(1,199,445)**	(1,037,724)
Administrative expenses		**(376,497)**	(420,457)
Profit from operations		**1,565,599**	1,563,310
Net finance income	3	**187,156**	166,200
Profit before taxation	4	**1,752,755**	1,729,510
Taxation	5	**(423,249)**	(373,697)
PROFIT FOR THE YEAR		**1,329,506**	1,355,813
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		**(3,925)**	2,822
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,325,581**	1,358,635
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity shareholders of the Company		**1,314,835**	1,358,701
Non-controlling interests		**14,671**	(2,888)
PROFIT FOR THE YEAR		**1,329,506**	1,355,813
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**1,310,910**	1,361,523
Non-controlling interests		**14,671**	(2,888)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,325,581**	1,358,635
		RMB cents	RMB cents
Earnings per share	8		
– Basic		**52.71**	54.48
– Diluted		**52.61**	54.40

The notes, significant accounting policies and principal subsidiaries on pages 87 to 123 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 2013 (Expressed in Renminbi)

	Note	**2013 RMB'000**	2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**865,751**	894,527
Construction in progress	11	**69,296**	22,991
Lease prepayments	12(a)	**149,098**	153,529
Prepayments for acquisition of land use rights	12(b)	**152,480**	151,417
Intangible assets	13	**506,861**	528,857
Other financial assets	15	**38,900**	31,120
Deferred tax assets	24(b)	**148,622**	151,148
Total non-current assets		**1,931,008**	1,933,589
Current assets			
Inventories	16	**689,321**	687,404
Trade and other receivables	17	**1,933,096**	1,372,801
Other financial assets	18	**510,000**	830,000
Pledged deposits	18	**215,460**	224,734
Fixed deposits held at banks with maturity over three months	19	**495,000**	980,000
Cash and cash equivalents	19	**4,344,262**	4,007,535
Total current assets		**8,187,139**	8,102,474
Total assets		**10,118,147**	10,036,063
Current liabilities			
Bank loans	20	**490,229**	996,502
Trade and other payables	21	**1,889,277**	1,774,000
Amounts due to related parties	30(b)	**6,840**	2,430
Current taxation	24(a)	**187,308**	124,977
Total current liabilities		**2,573,654**	2,897,909
Net current assets		**5,613,485**	5,204,565
Total assets less current liabilities		**7,544,493**	7,138,154
Non-current liabilities			
Long-term payable to non-controlling interests – unsecured and at amortised cost		**36,822**	38,565
Deferred tax liabilities	24(b)	**158,546**	166,883
Total non-current liabilities		**195,368**	205,448
Total liabilities		**2,769,022**	3,103,357
Net assets		**7,349,125**	6,932,706
Equity			
Share capital	25	**242,113**	242,019
Reserves	26	**6,911,875**	6,510,221
Total equity attributable to equity shareholders of the Company		**7,153,988**	6,752,240
Non-controlling interests		**195,137**	180,466
Total liabilities and equity		**10,118,147**	10,036,063

The notes, significant accounting policies and principal subsidiaries on pages 87 to 123 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, 26 February 2014

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013 (Expressed in Renminbi)

	Note	**2013 RMB'000**	2012 RMB'000
Non-current assets			
Investments in subsidiaries	14	**123**	126
Total non-current assets		**123**	126
Current assets			
Other receivables	17	**631**	427
Amounts due from subsidiaries	14	**934,590**	774,860
Cash and cash equivalents	19	**127,191**	74,691
Total current assets		**1,062,412**	849,978
Total assets		**1,062,535**	850,104
Current liabilities			
Other payables	21	**1,732**	1,475
Total current liabilities		**1,732**	1,475
Net current assets		**1,060,680**	848,503
Total assets less current liabilities		**1,060,803**	848,629
Equity			
Share capital	25	**242,113**	242,019
Reserves	26	**818,690**	606,610
Total equity		**1,060,803**	848,629
Total liabilities and equity		**1,062,535**	850,104

The notes, significant accounting policies and principal subsidiaries on pages 87 to 123 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, 26 February 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013 (Expressed in Renminbi)

		Attributable to equity shareholders of the Company				
	Note	Share capital RMB'000	Reserves RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balances as at 1 January 2012		242,019	6,129,871	6,371,890	46,660	6,418,550
Changes in equity for 2012:						
Profit/(loss) 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
Acquisition of a non-wholly owned subsidiary		–	–	–	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 and 1 January 2013		**242,019**	**6,510,221**	**6,752,240**	**180,466**	**6,932,706**
Changes in equity for 2013:						
Profit for the year		**–**	**1,314,835**	**1,314,835**	**14,671**	**1,329,506**
Other comprehensive income		**–**	**(3,925)**	**(3,925)**	**–**	**(3,925)**
Total comprehensive income		**–**	**1,310,910**	**1,310,910**	**14,671**	**1,325,581**
Dividends approved in respect of the previous year	27(b)	**–**	**(501,015)**	**(501,015)**	**–**	**(501,015)**
Dividends declared in respect of the current year	27(a)	**–**	**(377,259)**	**(377,259)**	**–**	**(377,259)**
Shares issued pursuant to Pre-IPO share option scheme	25	**94**	**3,890**	**3,984**	**–**	**3,984**
Equity-settled share-based payments	26(e)	**–**	**(34,872)**	**(34,872)**	**–**	**(34,872)**
Balances as at 31 December 2013		**242,113**	**6,911,875**	**7,153,988**	**195,137**	**7,349,125**

The notes, significant accounting policies and principal subsidiaries on pages 87 to 123 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013 (Expressed in Renminbi)

	Note	**2013 RMB'000**	2012 RMB'000
Operating activities			
Profit before taxation		**1,752,755**	1,729,510
Adjustments for:			
– Depreciation	10	**100,403**	77,353
– Amortisation of lease prepayments	12(a)	**4,431**	7,694
– Amortisation of intangible assets	13	**25,634**	24,806
– Interest expenses	3	**25,111**	17,496
– Interest income	3	**(200,394)**	(187,160)
– Loss/(gain) on disposal of property, plant and equipment	2	**2,734**	(962)
– Equity-settled share-based payments	4(a)	**(34,872)**	14,375
– Provision for doubtful debts	4(b)	**25,836**	44,338
– Write down of inventories	16(b)	**7,657**	90,515
Changes in working capital			
– Increase in inventories		**(9,574)**	(102,451)
– (Increase)/decrease in trade and other receivables		**(555,489)**	296,665
– Increase in trade and other payables		**139,994**	234,901
– Increase in amounts due to related parties		**4,410**	530
Cash generated from operations		**1,288,636**	2,247,610
Income tax paid		**(366,729)**	(445,941)
Interest received		**206,146**	163,313
Net cash generated from operating activities		**1,128,053**	1,964,982
Investing activities			
Payments for purchase of property, plant and equipment		**(93,169)**	(25,645)
Proceeds from sale of property, plant and equipment		**7,471**	7,881
Payments for construction in progress		**(80,802)**	(120,670)
Payments for acquisition of land use rights	12(b)	**(1,063)**	(67,953)
Payments for purchase of intangible assets	13	**(3,638)**	(12,378)
Payments for acquisition of interest in subsidiaries		**(15,167)**	(136,317)
Decrease/(increase) in other financial assets		**312,220**	(840,585)
Placement of pledged deposits		**(200,726)**	(210,000)
Uplift of pledged deposits		**210,000**	–
Placement of fixed deposits held at banks with maturity over three months		**(3,845,000)**	(5,324,720)
Uplift of fixed deposits held at banks with maturity over three months		**4,330,000**	5,754,720
Net cash received from/(used in) investing activities		**620,126**	(975,667)
Financing activities			
Drawdown of new bank loans		**490,229**	996,502
Repayment of bank loans		**(1,018,507)**	–
Payment for long-term payable to non-controlling interests		**(4,959)**	(3,789)
Proceeds from shares issued pursuant to Pre-IPO Share Option Scheme		**3,984**	–
Dividends paid to equity shareholders of the Company	27	**(878,274)**	(995,548)
Net cash used in financing activities		**(1,407,527)**	(2,835)
Net increase in cash and cash equivalents		**340,652**	986,480
Cash and cash equivalents as at 1 January		**4,007,535**	3,018,233
Effect of foreign exchange rate changes		**(3,925)**	2,822
Cash and cash equivalents as at 31 December	19	**4,344,262**	4,007,535

The notes, significant accounting policies and principal subsidiaries on pages 87 to 123 form part of these 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:

	2013 RMB'000	2012 RMB'000
ANTA products	**5,823,296**	6,808,195
Others*	**1,457,967**	814,613
Total turnover	**7,281,263**	7,622,808

Comparative figures of sales of Sports Lifestyle series have been reclassified from Others to Anta products to conform to current periods presentation.

* *Others represent sales of products of Kids sportswear series, FILA branded products, sales through e-commence and sales to overseas customers for the year.*

The Group is engaged in the manufacturing, trading and distribution of ANTA branded products and the trading and distribution of FILA branded products ("the Fila Business in the PRC"). For the year ended 31 December 2013, 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 consolidated financial statements. Therefore, no segmental information is presented.

For the year ended 31 December 2013, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2012: Nil).

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

	2013 RMB'000	2012 RMB'000
Other revenue		
Government grants	**90,474**	106,015
Rental income from operating leases	**1,318**	923
Others	**18,490**	18,494
	110,282	125,432
Other net (loss)/income		
(Loss)/gain on disposal of property, plant and equipment	**(2,734)**	962
Others	**(5,261)**	1,931
	(7,995)	2,893

(Expressed in Renminbi unless otherwise indicated)

3. Net Finance Income

	2013 RMB'000	2012 RMB'000
Interest income	**200,394**	187,160
Net foreign exchange gain	**11,873**	–
	212,267	187,160
Interest expense on bank loans	**(22,005)**	(14,250)
Interest expense recognised on payable carried at amortised cost	**(3,106)**	(3,246)
Net foreign exchange loss	**–**	(3,464)
	(25,111)	(20,960)
Net finance income	**187,156**	166,200

4. Profit Before Taxation

Profit before taxation is arrived at after charging:

		2013 RMB'000	2012 RMB'000
(a)	Staff costs(i) & (ii):		
	Contributions to defined contribution retirement plans	**31,452**	61,897
	Equity-settled share-based payments(iii)	**(34,872)**	14,375
	Salaries, wages and other benefits	**756,348**	665,925
		752,928	742,197
(b)	Other items:		
	Cost of inventories(i) (note 16(b))	**4,242,009**	4,729,642
	Depreciation(i)	**100,403**	77,353
	Amortisation		
	– lease prepayments	**4,431**	7,694
	– intangible assets	**25,634**	24,806
	Provision for doubtful debts	**25,836**	44,338
	Subcontracting charges(i)	**112,387**	76,019
	Auditors' remuneration	**4,480**	4,480
	Operating lease charges in respect of properties – minimum lease payments	**151,381**	68,319
	Research and development costs(i) & (ii)	**170,340**	178,578

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB733,287,000 (2012: RMB684,745,000).

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

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

5. Taxation in the Consolidated Statement of Comprehensive Income

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

	2013 RMB'000	2012 RMB'000
Current tax		
PRC Corporate Income Tax	**375,902**	410,299
Dividends withholding tax	**53,158**	28,446
Deferred tax (note 24(b))		
Dividends withholding tax	**(53,158)**	(28,446)
Origination and reversal of other temporary differences	**47,347**	(36,602)
	423,249	373,697

(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 2013 and 2012.

(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 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:

	2013 RMB'000	2012 RMB'000
Profit before taxation	**1,752,755**	1,729,510
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	**433,042**	434,563
Tax effect of non-deductible expenses	**14,911**	28,706
Tax effect of non-taxable income	**(3,546)**	(2,248)
Tax effect of unused tax losses not recognised	**–**	874
Withholding tax on profits retained by PRC subsidiaries (note 5(a)(iv))	**40,291**	63,045
Effect of tax concessions (note 5(a)(iii))	**(61,449)**	(151,243)
Actual tax expense	**423,249**	373,697

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 2013						
Executive Directors						
Mr. Ding Shizhong	**–**	**1,080**	**42**	**–**	**532**	**1,654**
Mr. Ding Shijia	**–**	**1,000**	**42**	**–**	**–**	**1,042**
Mr. Lai Shixian	**–**	**1,500**	**42**	**–**	**–**	**1,542**
Mr. Wang Wenmo	**–**	**1,000**	**42**	**–**	**–**	**1,042**
Mr. Wu Yonghua	**–**	**2,000**	**42**	**–**	**–**	**2,042**
Mr. Zheng Jie	**–**	**2,600**	**72**	**(1,705)**	**–**	**967**
	–	**9,180**	**282**	**(1,705)**	**532**	**8,289**
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	**191**	**–**	**–**	**–**	**–**	**191**
Mr. Lu Hong Te	**128**	**–**	**–**	**–**	**–**	**128**
Mr. Dai Zhongchuan	**96**	**–**	**–**	**–**	**–**	**96**
Total	**415**	**9,180**	**282**	**(1,705)**	**532**	**8,704**
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

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.

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 (2012: 1) are also Directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 (2012: 4) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	4,935	7,964
Discretionary bonuses	4,064	1,297
Equity-settled share-based payments	(1,057)	1,069
Contributions to retirement benefit scheme	147	120
	8,089	10,450

The 3 (2012: 4) individuals include 1 (2012: 1) senior management that is not a Director of the Company.

The emoluments of the 3 (2012: 4) individuals with the highest emoluments are within the following bands:

	Number of individuals 2013	2012
RMB1,500,001 to RMB2,000,000	1	–
RMB2,000,001 to RMB2,500,000	–	3
RMB2,500,001 to RMB3,000,000	1	–
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 RMB1,314,835,000 (2012: RMB1,358,701,000) and the weighted average number of ordinary shares in issue during the year of 2,494,536,000 (2012: 2,494,163,000).

Weighted average number of ordinary shares

	2013 '000 Shares	2012 '000 Shares
Issued ordinary shares	2,494,163	2,494,163
Effect of share options exercised	373	–
Weighted average number of ordinary shares	2,494,536	2,494,163

(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)

	2013 '000 Shares	2012 '000 Shares
Weighted average number of ordinary shares	2,494,536	2,494,163
Effect of deemed issue of shares under the Company's share option schemes	4,636	3,649
Weighted average number of ordinary shares (diluted)	2,499,172	2,497,812

9. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB1,131,681,000 (2012: RMB955,079,000) which has been dealt with in the financial statements of the Company.

10. Property, Plant and Equipment

	The Group					
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Retail outlets leasehold improvements RMB'000	Total RMB'000
Cost:						
As at 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	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 and 1 January 2013	**711,322**	**208,165**	**27,475**	**275,229**	**10,253**	**1,232,444**
Additions	**335**	**13,172**	**522**	**19,507**	**20,262**	**53,798**
Transfer from construction in progress (note 11)	**1,746**	**–**	**–**	**26,288**	**–**	**28,034**
Disposals	**(40)**	**(12,478)**	**(509)**	**(9,086)**	**(3,472)**	**(25,585)**
As at 31 December 2013	**713,363**	**208,859**	**27,488**	**311,938**	**27,043**	**1,288,691**
Accumulated depreciation:						
As at 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 and 1 January 2013	**95,989**	**91,652**	**19,502**	**125,344**	**5,430**	**337,917**
Charge for the year	**38,206**	**14,903**	**2,104**	**38,250**	**6,940**	**100,403**
Written back on disposals	**(40)**	**(6,359)**	**(98)**	**(5,411)**	**(3,472)**	**(15,380)**
As at 31 December 2013	**134,155**	**100,196**	**21,508**	**158,183**	**8,898**	**422,940**
Net book value:						
As at 31 December 2013	**579,208**	**108,663**	**5,980**	**153,755**	**18,145**	**865,751**
As at 31 December 2012	615,333	116,513	7,973	149,885	4,823	894,527

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

(b) As at 31 December 2013, buildings with carrying value amounting to RMB105,968,000 were still in process of updating the property ownership certificates.

11. Construction in Progress

	The Group 2013 RMB'000	2012 RMB'000
As at 1 January	**22,991**	207,603
Additions	**74,339**	173,086
Transfer to property, plant and equipment (note 10)	**(28,034)**	(309,981)
Transfer to lease prepayments (note 12(a))	**–**	(47,717)
As at 31 December	**69,296**	22,991

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 2013 RMB'000	2012 RMB'000
Cost:		
As at 1 January	**166,136**	39,949
Acquisitions through business combinations	**–**	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**	166,136
Accumulated amortisation:		
As at 1 January	**12,607**	4,913
Charge for the year	**4,431**	7,694
As at 31 December	**17,038**	12,607
Net book value:		
As at 31 December	**149,098**	153,529

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

(ii) As at 31 December 2013, lease prepayments with carrying value amounting to RMB19,150,000 were still in process of updating the land use right certificates.

(b) Prepayments for Acquisition of Land Use Rights

	The Group 2013 RMB'000	2012 RMB'000
As at 1 January	**151,417**	96,715
Additions	**1,063**	67,953
Transfer to lease prepayments (note 12(a))	**–**	(13,251)
As at 31 December	**152,480**	151,417

The Group made prepayments for the acquisition of land use rights for certain properties held for own use under development in the PRC. The related land use right certificates were under application as at 31 December 2013.

13. Intangible Assets

		The Group	
	Computer software RMB'000	Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2012	100,139	482,380	582,519
Additions	12,378	–	12,378
Acquisition through business combinations	–	671	671
As at 31 December 2012 and 1 January 2013	**112,517**	**483,051**	**595,568**
Additions	**3,638**	**–**	**3,638**
As at 31 December 2013	**116,155**	**483,051**	**599,206**
Accumulated amortisation:			
As at 1 January 2012	13,167	28,738	41,905
Charge for the year	11,992	12,814	24,806
As at 31 December 2012 and 1 January 2013	**25,159**	**41,552**	**66,711**
Charge for the year	**12,772**	**12,862**	**25,634**
As at 31 December 2013	**37,931**	**54,414**	**92,345**
Net book value:			
As at 31 December 2013	**78,224**	**428,637**	**506,861**
As at 31 December 2012	87,358	441,499	528,857

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 2013 are shown on pages 121 to 123.

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	
	2013 RMB'000	2012 RMB'000
Raw materials	**90,647**	92,542
Work in progress	**107,892**	91,730
Finished goods	**490,782**	503,132
	689,321	687,404

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	
	2013	2012
	RMB'000	RMB'000
Carrying amount of inventories sold	**4,234,352**	4,639,127
Write down of inventories	**7,657**	90,515
	4,242,009	4,729,642

17. Trade and Other Receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**922,351**	710,582	**–**	–
Less: Provision for doubtful debts	**(70,174)**	(44,338)	**–**	–
	852,177	666,244	**–**	–
Advance payments to suppliers	**759,255**	474,032	**–**	–
Deposits and other prepayments	**184,965**	76,221	**228**	352
Prepayment for construction costs	**–**	2,912	**–**	–
VAT deductible	**101,981**	110,180	**–**	–
Interest receivable	**30,605**	36,357	**403**	–
Other receivables	**4,113**	6,855	**–**	75
	1,933,096	1,372,801	**631**	427

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Current	**782,003**	621,908
Less than 3 months past due	**111,626**	81,289
Past due over 3 months	**28,722**	7,385
	922,351	710,582

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

	The Group	
	2013	2012
	RMB'000	RMB'000
As at 1 January	**44,338**	–
Provision for doubtful debts	**25,836**	44,338
As at 31 December	**70,174**	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 2013, 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 asset as at 31 December 2013 represented an unlisted available-for-sale investment, which has been pledged as security for a bank loan (see note 20).

Pledged bank deposits as at 31 December 2013 represented deposits pledged as security for certain construction projects and contracts.

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits with banks within three months to maturity when placed	**2,544,567**	3,449,160	**124,567**	74,180
Cash at bank and in hand	**1,799,695**	558,375	**2,624**	511
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	**4,344,262**	4,007,535	**127,191**	74,691
Deposits with banks with more than three months to maturity when placed	**495,000**	980,000	**–**	–
	4,839,262	4,987,535	**127,191**	74,691

As at 31 December 2013, the balances that were placed with banks in the PRC amounted to RMB4,655,505,000 (2012: RMB4,887,903,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

20. Bank Loans

Bank loan as at 31 December 2013 was denominated in Hong Kong dollar, secured by an available-for-sale investment (see note 18) and repayable within one year.

21. Trade and Other Payables

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**866,584**	633,292	**–**	–
Receipts in advance from customers	**35,068**	35,009	**–**	–
Construction costs payables	**22,290**	31,665	**–**	–
VAT and other taxes payables	**49,200**	44,137	**–**	–
Accruals	**836,418**	927,815	**–**	–
Other payables	**79,717**	102,082	**1,732**	1,475
	1,889,277	1,774,000	**1,732**	1,475

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	
	2013	2012
	RMB'000	RMB'000
Within 3 months	**714,933**	541,995
3 months to 6 months	**63,799**	48,642
Over 6 months	**87,852**	42,655
	866,584	633,292

22. Employee Retirement Benefits

Defined Contribution Retirement Plans

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

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

	2013		2012	
	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	10,362
Exercised during the year	**HK$4.224**	**(1,188)**	HK$4.224	–
Outstanding at the end of the year	**HK$4.224**	**9,174**	HK$4.224	10,362
Exercisable at the end of the year	**HK$4.224**	**9,174**	HK$4.224	10,362

The weighted average share price at the date of exercise for share options exercised during the year was HK$10.39 (2012: No share options were exercised).

The share options outstanding as at 31 December 2013 had an exercise price of HK$4.224 (2012: HK$4.224) and a weighted average remaining contractual life of 4 years (2012: 5 years).

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:

	2013		2012	
	Exercise price	**Number of options '000 shares**	Exercise price	Number of options '000 shares
Outstanding at the beginning of the year	**HK$16.20**	**21,564**	HK$16.20	24,610
Lapsed during the year	**HK$16.20**	**(12,252)**	HK$16.20	(3,046)
Outstanding at the end of the year	**HK$16.20**	**9,312**	HK$16.20	21,564
Exercisable at the end of the year	**HK$16.20**	**9,312**	HK$16.20	9,264

No share options were exercised during the year.

The options outstanding at 31 December 2013 had an exercise price of HK$16.20 (2012: HK$16.20) and a weighted average remaining contractual life of 7 years (2012: 8 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 movements during the year are as follows:

	The Group			
Deferred tax arising from:	**Dividend withholding tax RMB'000**	**Other deferred tax liabilities RMB'000**	**Other deferred tax assets RMB'000**	**Total RMB'000**
As at 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 and 1 January 2013	**166,883**	**–**	**(151,148)**	**15,735**
Released upon distribution of dividends (note 5(a)(iv))	**(53,158)**	**–**	**–**	**(53,158)**
Charges for the year (note 5(a))	**40,291**	**4,530**	**2,526**	**47,347**
As at 31 December 2013	**154,016**	**4,530**	**(148,622)**	**9,924**

(c) Deferred tax assets not recognised:

As at 31 December 2013, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB78,617,000 (2012: RMB90,380,000) of which RMB6,698,000 (2012: RMB6,926,000) 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 2013 temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the Mainland China amounted to RMB3,145,577,000 (2012: RMB2,690,740,000). Deferred tax liabilities of RMB157,279,000 (2012: RMB134,537,000) 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.

25. Share Capital

	Par value HK$	Number of shares '000	Nominal value of ordinary HK$'000
Authorised:			
As at 31 December 2012 and 2013	**0.10**	**5,000,000**	**500,000**

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

	Par value	Number of shares	Nominal value of ordinary shares	
	HK$	'000	HK$'000	RMB'000
Issued and fully paid:				
As at 1 January 2012, 31 December 2012 and 1 January 2013	**0.10**	**2,494,163**	**249,416**	**242,019**
Shares issued pursuant to Pre-IPO share option scheme	**0.10**	**1,188**	**119**	**94**
As at 31 December 2013	**0.10**	**2,495,351**	**249,535**	**242,113**

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

During the year, pursuant to the Company's share option schemes (note 23), options were exercised to subscribe for 1,188,000 ordinary shares in the Company at a consideration of RMB3,984,000 of which RMB94,000 was credited to share capital and the balance of RMB3,890,000 was credited to the share premium account. RMB185,000 has been transferred from the share-based compensation reserve to the share premium account. For the year ended 31 December 2012, no options that were issued pursuant to the share option schemes were exercised. 12,252,000 options (2012: 3,046,000) was lapsed during the year. As at 31 December 2013, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's Pre-IPO Option and the Share Option Scheme is 18,486,000 (2012: 31,926,000).

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 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 and 1 January 2013		**335,135**	**141,029**	**439,847**	**(312,610)**	**72,779**	**5,834,041**	**6,510,221**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**1,314,835**	**1,314,835**
Other comprehensive income		**–**	**–**	**–**	**(3,925)**	**–**	**–**	**(3,925)**
Total comprehensive income		**–**	**–**	**–**	**(3,925)**	**–**	**1,314,835**	**1,310,910**
Dividends approved in respect of the previous year	27(b)	**–**	**–**	**–**	**–**	**–**	**(501,015)**	**(501,015)**
Dividends declared in respect of the current year	27(a)	**–**	**–**	**–**	**–**	**–**	**(377,259)**	**(377,259)**
Shares issued pursuant to Pre-IPO share option scheme	25	**4,075**	**–**	**–**	**–**	**(185)**	**–**	**3,890**
Appropriation to statutory reserve	26(c)	**–**	**–**	**47,353**	**–**	**–**	**(47,353)**	**–**
Equity-settled share-based payments	26(e)	**–**	**–**	**–**	**–**	**(34,872)**	**–**	**(34,872)**
As at 31 December 2013		**339,210**	**141,029**	**487,200**	**(316,535)**	**37,722**	**6,223,249**	**6,911,875**

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 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 and 1 January 2013		**335,135**	**(385,459)**	**72,779**	**584,155**	**606,610**
Profit for the year	9	**–**	**–**	**–**	**1,131,681**	**1,131,681**
Other comprehensive income		**–**	**(10,345)**	**–**	**–**	**(10,345)**
Total comprehensive income		**–**	**(10,345)**	**–**	**1,131,681**	**1,121,336**
Dividends approved in respect of the previous year	27(b)	**–**	**–**	**–**	**(501,015)**	**(501,015)**
Dividends declared in respect of the current year	27(a)	**–**	**–**	**–**	**(377,259)**	**(377,259)**
Shares issued pursuant to Pre-IPO share option scheme	25	**4,075**	**–**	**(185)**	**–**	**3,890**
Equity-settled share-based payments	26(e)	**–**	**–**	**(34,872)**	**–**	**(34,872)**
As at 31 December 2013		**339,210**	**(395,804)**	**37,722**	**837,562**	**818,690**

(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 2013 was HK$1,056,328,000 (2012: HK$710,185,000).

(b) Capital Reserve

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

26. Reserves (Continued)

(c) Statutory Reserve

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

(d) Exchange Reserve

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

(e) Share-based Compensation Reserve

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

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

(f) Capital Management

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

The Group actively reviews and manages its capital structure in the light of changes in economic conditions so as to maintain a sound capital position. Total capital is defined as 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:

	2013 **RMB'000**	2012 RMB'000
Interim dividend declared and paid of HK19 cents per ordinary share (2012: HK23 cents per ordinary share)	**377,259**	468,851
Final dividend proposed after the end of the reporting period of HK22 cents per ordinary share (2012: HK17 cents per ordinary share)	**429,026**	343,277
Special dividend proposed after the end of the reporting period of HK7 cents per ordinary share (2012: HK8 cents per ordinary share)	**136,508**	161,542
	942,793	973,670

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

27. Dividends (Continued)

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

	2013 RMB'000	2012 RMB'000
Final dividend in respect of the financial year ended 31 December 2012, approved and paid during the following period, of HK17 cents per ordinary share (2011: HK26 cents per ordinary share)	**340,690**	526,697
Special dividend in respect of the financial year ended 31 December 2012, approved and paid during the following period, of HK8 cents per ordinary share (2011: Nil)	**160,325**	–
	501,015	526,697

28. Financial Risk Management and Fair Values

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

(a) Credit Risk

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

The Group's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the end of the reporting period, 7% (2012: 6%) and 25% (2012: 23%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

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

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

In respect of other current financial asset, such unlisted available-for-sale investment was issued by a financial institution with established credit ratings.

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

(b) Liquidity Risk

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

28. Financial Risk Management and Fair Values (Continued)

(b) Liquidity Risk (Continued)

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

The Group

	Contractual undiscounted cash flows					Carrying amount on consolidated statement of financial position
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	RMB'000
As at 31 December 2013						
Bank loans	**493,093**	**–**	**–**	**–**	**493,093**	**490,229**
Trade and other payables	**1,889,277**	**–**	**–**	**–**	**1,889,277**	**1,889,277**
Amounts due to related parties	**6,840**	**–**	**–**	**–**	**6,840**	**6,840**
Long-term payable to non-controlling interests	**–**	**3,679**	**11,038**	**69,909**	**84,626**	**36,822**
	2,389,210	**3,679**	**11,038**	**69,909**	**2,473,836**	**2,423,168**
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
Amounts due to related parties	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

The Company

	2013			2012		
	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	Carrying amount on statement of financial position RMB'000
Other payables	**1,732**	**1,732**	**1,732**	1,475	1,475	1,475

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			
	2013		2012	
	Effective interest rate	**RMB'000**	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Other current financial assets	**4.50%**	**510,000**	4.20%~5.85%	830,000
Pledged deposits	**3.05%~4.85%**	**215,460**	2.90%~3.24%	224,734
Bank deposits	**1.35%~3.30%**	**3,039,567**	0.30%~4.75%	4,429,160
Bank loans	**1.85%**	**(490,229)**	2.15%~3.90%	(996,502)
		3,274,798		4,487,392
Variable rate instruments:				
Cash at bank and in hand	**0.01%~0.35%**	**1,799,695**	0.01%	558,375
		1,799,695		558,375
Total instruments		**5,074,493**		5,045,767
Fixed rate instruments as a percentage of total instruments		**65%**		89%

	The Company			
	2013		2012	
	Effective interest rate	**RMB'000**	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Bank deposits	**3.10%~3.30%**	**124,567**	0.30%~0.95%	74,180
		124,567		74,180
Variable rate instruments:				
Cash at bank and in hand	**0.01%**	**2,624**	0.01%	511
		2,624		511
Total instruments		**127,191**		74,691
Fixed rate instruments as a percentage of total instruments		**98%**		99%

28. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk (Continued)

(ii) Sensitivity Analysis

As at 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits for the year by approximately RMB34,361,000 (2012: RMB33,434,000). Other components of consolidated equity would not be affected (2012: Nil) by the changes in interest rates.

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of reporting period. The impact on the Group's profit after taxation (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

(d) Currency Risk

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

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

(i) Exposure to Currency Risk

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

The Group

	Exposure to foreign currencies (expressed in Renminbi)			
	2013 Hong Kong Dollars RMB'000	**2013 United States Dollars RMB'000**	2012 Hong Kong Dollars RMB'000	2012 United States Dollars RMB'000
Cash and cash equivalents	**587**	**5,837**	1,276	2,205
Trade and other receivables	**22**	**24,300**	3	3,898
Trade and other payables	**(146)**	**(16,570)**	–	(11,667)
Long-term payable to non-controlling interests	**–**	**(36,822)**	–	(38,565)
Net exposure to currency risk	**463**	**(23,255)**	1,279	(44,129)

28. Financial Risk Management and Fair Values (Continued)

(d) Currency Risk (Continued)

(ii) Sensitivity Analysis

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

	2013			2012		
	Increase/ (decrease) in foreign exchange rates in %	**Effect on profit after taxation and retained profits RMB'000**	**Effect on other components of equity RMB'000**	Increase/ (decrease) in foreign exchange rates in %	Effect on profit after taxation and retained profits RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	**5**	**23**	**(18,526)**	5	64	(16,707)
	(5)	**(23)**	**18,526**	(5)	(64)	16,707
United States dollars	**5**	**(2,412)**	**1,219**	5	(2,448)	242
	(5)	**2,412**	**(1,219)**	(5)	2,448	(242)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Mainland China into the Group's presentation currency. The analysis is performed on the same basis for 2012.

(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 2013 except that the fair value of the long-term payable to non-controlling interests is approximately RMB41,000,000 (2012: RMB43,000,000), 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 2013, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2013 RMB'000	2012 RMB'000
Within 1 year	**63,817**	55,646
After 1 year but within 5 years	**32,172**	43,310
	95,989	98,956

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 2013 not provided for in the financial statements were as follows:

	2013 RMB'000	2012 RMB'000
Contracted for	**142,095**	207,833
Authorised but not contracted for	**186,763**	104,161
	328,858	311,994

30. Material Related Party Transactions

(a) Transactions with related parties

	2013 RMB'000	2012 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda")	**23,990**	20,317
Service fee		
– Ding Shijia	**10,837**	–

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

(b) Balances with related parties

As at the end of the reporting period, the Group had the following balances with related parties:

	2013 RMB'000	2012 RMB'000
Amounts due to related parties		
Trade balances		
– Quanzhou Anda	**4,326**	2,430
Other balances		
– Ding Shijia	**2,514**	–
	6,840	2,430

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

30. Material Related Party Transactions (Continued)

(c) Key management personnel remuneration

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

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**12,448**	11,548
Equity-settled share-based payments	**(2,557)**	1,431
	9,891	12,979

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

31. Significant Accounting Estimates and Judgements

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the 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.

31. Significant Accounting Estimates and Judgements (Continued)

(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 34 years based on management's expertise in the sportswear industry. It could change significantly as a result of changes in the sportswear market. The useful lives of other assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(e) Provision for Deferred Tax

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

32. Revised IFRSs

The IASB has issued a number of new International Financial Reporting Standards ("IFRSs") and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*

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

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights or variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

33. Non-adjusting Event after the Reporting Period

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

(Expressed in Renminbi unless otherwise indicated)

34. Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Year Ended 31 December 2013

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 2013 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
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
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.

35. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2013 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

36. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the Board on 26 February 2014.

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 2013 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 31.

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2013 include the financial statements of the Company and its subsidiaries.

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

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

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

(C) Basis of Consolidation (Continued)

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

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

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

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

(D) Other Investments in Equity Investments

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

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

(E) Property, Plant and Equipment

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

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

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

– Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.

– Plant and machinery	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.

(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.

(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.

(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 Direct	Indirect	Principal activities
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
ANTA Investment Limited ("ANTA Inv")	Hong Kong	HK$1,000,000/ HK$1,000,000	–	100%	Investment holding
ANTA International Limited ("ANTA Int'l")	Hong Kong	HK$1/HK$10,000	–	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	HK$600,000,000/ HK$600,000,000	–	100%	Manufacturing and trading of sporting goods
安踏(長汀)體育用品有限公司 (「安踏長汀」) ANTA (Changting) Sports Products Co., Ltd. ("ANTA Changting") (Notes (i) and (iii))	PRC	HK$80,000,000/ HK$80,000,000	–	100%	Manufacturing of sporting goods
安踏(廈門)體育用品有限公司 (「安踏廈門」) ANTA (Xiamen) Sports Goods Co., Ltd. ("ANTA Xiamen") (Notes (i) and (iii))	PRC	HK$50,000,000/ HK$50,000,000	–	100%	Manufacturing of sporting goods
安踏體育用品集團有限公司 (「安踏集團」) ANTA Sports Products Group Co., Limited ("ANTA Group") (Notes (i) and (iii))	PRC	HK$100,000,000/ HK$100,000,000	–	100%	Manufacturing and trading of sporting goods
廈門安踏貿易有限公司 (「廈門安踏貿易」) Xiamen ANTA Trading Co., Ltd. ("Xiamen ANTA Trading") (Notes (i) and (iii))	PRC	HK$300,000,000/ HK$300,000,000	–	100%	Trading of sporting goods
廈門安踏有限公司 (「廈門安踏」) Xiamen ANTA Company Limited ("Xiamen ANTA") (Notes (ii) and (iii))	PRC	RMB200,000,000/ 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 Direct	Indirect	Principal activities
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 (「泉州鞋材」) Quanzhou ANTA Material Supply Limited ("Quanzhou Material") (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	HK$3,680,000/ HK$3,680,000	–	100%	Manufacturing of shoe sole
全鋒(福建)鞋材有限公司 (「全鋒」) Chenfeng (Fujian) Material Supply Co., Limited ("Chenfeng") (Note (ii) and (iii))	PRC	RMB49,626,900/ RMB49,626,900	–	100%	Manufacturing of shoe sole
斐樂服飾有限公司 (「斐樂服飾」) Fila Style Co., Ltd. ("Fila Style") (Note (ii) and (iii))	PRC	RMB50,000,000/ RMB50,000,000	–	100%	Retailing of sporting goods
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HK$79,800,000/ HK$79,800,000	–	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

Name of company	Place of incorporation/ operation	Issued and fully paid up/ registered capital	Attributable equity interest Direct	Indirect	Principal activities
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	HK$1,000,000/ HK$1,000,000	–	85%	Trading of sporting goods
斐樂體育有限公司(「斐樂中國」) Fila PRC Co. Limited ("Fila China") (Notes (i) and (iii))	PRC	USD9,000,000/ 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

AGM
The annual general meeting of the Company or any adjournment thereof

Anda Holdings
Anda Holdings International Limited

Anda Investments
Anda Investments Capital Limited

ANTA
ANTA Brand

Anta International
Anta International Group Holdings Limited

ANTA Sports/ Company
ANTA Sports Products Limited

ANTA store(s)
ANTA authorised retail store(s)

Board
The Board of Directors of the Company

BVI
The British Virgin Islands

China/PRC
People's Republic of China

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

Independent Non-Executive Directors
Independent non-executive directors of the Company

IPO
Initial Public Offering

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

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

MSCI
Morgan Stanley Capital International Global Standard Index

NBA
National Basketball Association

ODM
Original Design Manufacturer

OEM
Original Equipment Manufacturer

POP
Point of purchase advertising

POS
ANTA stores' point of sales

PPI
Producer Price Index for manufactured goods

R&D
Research and development

RMB
Renminbi, the lawful currency of the PRC

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

Shareholders
Shareholders of the Company

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 2013

Zhang Jike (top) and Liu Shiwen (bottom), table tennis world champions


KEEPING CHAMPION'S
SPIRIT ALIVE
冠軍的心 永不止步


Designed by TdA – concept and design www.tda.com.hk Equity – production and printing www.equitygroup.com.hk
ANTA
WWW.ANTA.COM
ANTA