ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

STOCK CODE: 2020

ANTA SPORTS

ANNUAL REPORT 2021

MISSION

TO INTEGRATE THE SPORTS SPIRIT OF
"GOING BEYOND ONESELF"
INTO EVERYONE'S DAILY LIFE.

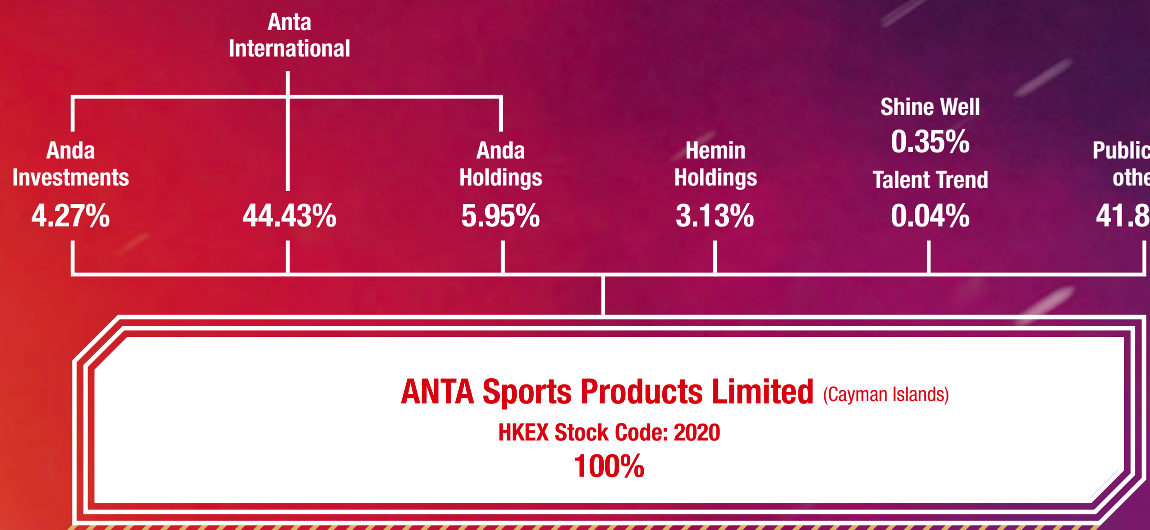
CORE VALUES

- CONSUMER-ORIENTED
- DEVOTION
- INNOVATION AND PUSHING AHEAD
- RESPECT AND APPRECIATION
- INTEGRITY AND GRATITUDE

VISION

TO BECOME A LEADING MULTI-BRAND
SPORTSWEAR GROUP IN THE WORLD.

CONTENTS



CORPORATE PROFILE

ANTA brand was established in 1991, while ANTA Sports Products Limited, a leading global sportswear company, was listed on the Main Board of HKEx in 2007 (Stock code: 2020.HK). For many years, ANTA Sports has been principally engaging in the design, development, manufacturing and marketing of branded sportswear including footwear, apparel and accessories to consumers. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports in 2019, a Finnish sportswear group that has internationally recognized brands including Salomon, Arc'teryx, Peak Performance, Atomic, Wilson, etc. ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets.

CORPORATE INFORMATION

BOARD

Executive Directors
Ding Shizhong (Chairman)
Ding Shijia (Deputy Chairman)
Lai Shixian
Wu Yonghua
Zheng Jie
Bi Mingwei

Non-Executive Director
Wang Wenmo

Independent Non-Executive Directors
Dai Zhongchuan
Yiu Kin Wah Stephen
Lai Hin Wing Henry Stephen
Wang Jiaqian

Company Secretary
Tse Kin Chung

BOARD COMMITTEES

Audit Committee
Yiu Kin Wah Stephen (Chairman)
Dai Zhongchuan
Lai Hin Wing Henry Stephen
Wang Jiaqian

Remuneration Committee
Dai Zhongchuan (Chairman)
Lai Hin Wing Henry Stephen
Wang Jiaqian
Ding Shizhong

Nomination Committee
Lai Hin Wing Henry Stephen (Chairman)
Yiu Kin Wah Stephen
Lai Shixian

Risk Management Committee
Yiu Kin Wah Stephen (Chairman)
Dai Zhongchuan
Wang Jiaqian
Lai Shixian

Sustainability Committee
Lai Shixian (Chairman)
Yiu Kin Wah Stephen
Lai Hin Wing Henry Stephen
Wang Jiaqian
Wu Yonghua
Zheng Jie
Yiu Wai Hung*

AUTHORIZED REPRESENTATIVES

Ding Shizhong
Lai Shixian

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Hong Kong Office
16/F, Manhattan Place,
23 Wang Tai Road, Kowloon Bay,
Kowloon, Hong Kong

HEAD OFFICES IN MAINLAND CHINA

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

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

SHARE REGISTRARS AND TRANSFER OFFICES

Cayman Islands Principal Registrar
Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
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

Morgan, Lewis & Bockius

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW ADVISER

KPMG Advisory (China) Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Limited
Industrial Bank Co., Ltd.
Citibank, N.A.
Standard Chartered Bank PLC

* *non-Board member*

2021 RECOGNITIONS AND AWARDS

Chairman and CEO, Mr. Ding Shizhong:

Was awarded the
"Best IR by Chairman/CEO (Large Cap)"
by Hong Kong Investor Relations Association

Executive Director and CFO, Mr. Lai Shixian:

Was awarded the
"Best IR by CFO (Large Cap)"
by Hong Kong Investor Relations Association

ANTA Sports:

Was listed in the **"Fortune China 500"** by Fortune Magazine

Was awarded the **"Best IR Company (Large Cap)"** by Hong Kong Investor Relations Association

Was awarded the **"2021 Golden Stock Award"** in the Golden Hong Kong Stocks Awards 2021 jointly organized by Zhitongcaijing.com (智通財經) and www.10JQKA.com.cn (同花順財經)

2020 Annual Report “Beyond Fantastic”:

Was awarded
“Best of Cover Design”
at the "ARC Awards International 2021"

Was awarded the
“Best Annual Report (Large Cap)”
by Hong Kong Investor Relations Association

ANTA Brand:

Was listed in the**“BrandZ™ Top 10 Most Valuable Apparel Brands 2021”** published by Kantar Millward Brown

Was listed in the **“Brand Finance Apparel 50 2021”** ranking organized by Brand Finance

Was listed in the **“Best China Brands 2021”** ranking organized by Interbrand

Ranked First in **“China Brand Top 500”**’s Apparel, Footwear & Hat Category organized by Brandcn.com

Our Investor Relations Department:

Was awarded the
“Certificate for Excellence in Investor Relations”
by IR Magazine Awards Greater China 2021

Was awarded the
“Best Investor Meeting (Large Cap)”
by Hong Kong Investor Relations Association

Was awarded the
“Best IR Team (Large Cap)”
by Hong Kong Investor Relations Association

Was awarded the
“Best Investor Presentation Material (Large Cap)”
by Hong Kong Investor Relations Association

REVENUE

+39%

to RMB

49.3 BILLION

Klay Thompson,
A shooting guard for the Golden State Warriors in the NBA

FINANCIAL OVERVIEW

Year ended 31 December	2021	2020	Changes
	(RMB million)	(RMB million)	(%)
Revenue	49,328	35,512	↑ 38.9
ANTA	24,012	15,749	↑ 52.5
FILA	21,822	17,450	↑ 25.1
All other brands	3,494	2,313	↑ 51.1
Gross profit	30,404	20,651	↑ 47.2
ANTA	12,528	7,035	↑ 78.1
FILA	15,394	12,092	↑ 27.3
All other brands	2,482	1,524	↑ 62.9
Profit from operations	10,989	9,152	↑ 20.1
ANTA	5,145	4,527	↑ 13.7
FILA	5,339	4,494	↑ 18.8
All other brands	644	195	↑ 230.3
Profit for the year	8,219	5,569	↑ 47.6
Profit attributable to equity shareholders			
– without the effect of share of loss of a joint venture	7,801	5,763	↑ 35.4
– with the effect of share of loss of a joint venture	7,720	5,162	↑ 49.6
Free cash inflow	10,369	6,626	↑ 56.5
	(RMB)	(RMB)	(%)
Earnings per share			
– Basic	2.87	1.92	↑ 49.5
– Diluted	2.81	1.89	↑ 48.7
	(HK cents)	(HK cents)	(%)
Dividend per share			
– Ordinary interim	60	21	
– Ordinary final	68	47	
– Special interim	30	–	
	158	68	↑ 132.4
	(%)	(%)	(% point)
Gross profit margin	61.6	58.2	↑ 3.4
ANTA	52.2	44.7	↑ 7.5
FILA	70.5	69.3	↑ 1.2
All other brands	71.0	65.9	↑ 5.1
Operating profit margin	22.3	25.8	↓ 3.5
ANTA	21.4	28.7	↓ 7.3
FILA	24.5	25.8	↓ 1.3
All other brands	18.4	8.4	↑ 10.0
Net profit margin	16.7	15.7	↑ 1.0
Margin of profit attributable to equity shareholders			
– without the effect of share of loss of a joint venture	15.8	16.2	↓ 0.4
– with the effect of share of loss of a joint venture	15.7	14.5	↑ 1.2
Effective tax rate[1]	26.7	29.0	↓ 2.3
Advertising and promotional expenses ratio (as a percentage of revenue)	12.4	10.0	↑ 2.4
Staff costs ratio (as a percentage of revenue)	13.5	12.5	↑ 1.0
R&D costs ratio (as a percentage of revenue)	2.3	2.5	↓ 0.2

As at 31 December	2021	2020	Changes
	(RMB)	(RMB)	(%)
Shareholders' equity per share	10.70	8.88	↑ 20.5
	(%)	(%)	(% point)
Gearing ratio[2]	21.0	27.8	↓ 6.8
Return on average total shareholders' equity[3]	29.2	23.4	↑ 5.8
Return on average total assets[4]	13.5	11.1	↑ 2.4
Average total shareholders' equity to average total assets	46.2	47.4	↓ 1.2
	(days)	(days)	(days)
Average inventory turnover days[5]	127	122	↑ 5
Average trade receivables turnover days[6]	26	39	↓ 13
Average trade payables turnover days[7]	53	66	↓ 13

Cautionary Statement Regarding Forward-Looking Statements

This *Annual Report 2021* 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) Effective tax rate does not include the effect of share of loss of a joint venture.
(2) Gearing ratio is equal to total borrowings divided by the total assets at the end of the relevant year.
(3) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
(4) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
(5) 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.
(6) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant year.
(7) 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.
(8) Average balance aforementioned means the average of the balance as at 1 January and the balance as at 31 December of the relevant year.
(9) Certain classifications have been changed to reflect the change of information reported internally to the chief operating decision makers. Certain comparative figures have been restated to conform to the current year's presentation.

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE

Revenue
increased by 38.9% to
RMB49.3 Billion

Gross profit margin
increased by 3.4% point to
61.6%

Profit attributable to equity shareholders
increased by 49.6% to
RMB7.7 Billion

Basic earnings per share
increased by 49.5% to
RMB2.87

Payout of the profit attributable
to equity shareholders
45.6%

OPERATIONAL PERFORMANCE

Number of ANTA stores
(including ANTA KIDS standalone stores)
in Mainland China
and overseas
stood at
9,403

Number of FILA stores
(including FILA KIDS and
FILA FUSION standalone stores)
in Mainland China, Hong Kong,
Macao and Singapore stood at
2,054

Number of
DESCENTE stores
in Mainland China,
Hong Kong and Macao
stood at
182

Number of
KOLON SPORT stores
in Mainland China
stood
at
152

FIVE-YEAR FINANCIAL SUMMARY

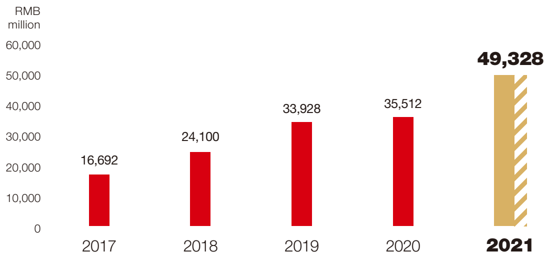
	2021	2020	2019	2018	2017
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Revenue	**49,328**	35,512	33,928	24,100	16,692
Gross profit	**30,404**	20,651	18,659	12,687	8,241
Profit from operations	**10,989**	9,152	8,695	5,700	3,989
Profit attributable to equity shareholders	**7,720**	5,162	5,344	4,103	3,088
Non-current assets	**22,766**	19,150	17,898	5,090	3,632
Current assets	**39,902**	32,717	23,320	19,284	15,442
Total assets	**62,668**	51,867	41,218	24,374	19,074
Current liabilities	**15,943**	11,715	12,412	7,548	4,498
Net current assets	**23,959**	21,002	10,908	11,736	10,944
Total assets less current liabilities	**46,725**	40,152	28,806	16,826	14,576
Non-current liabilities	**15,062**	14,328	7,745	306	216
Total liabilities	**31,005**	26,043	20,157	7,854	4,714
Net assets	**31,663**	25,824	21,061	16,520	14,360
Non-controlling interests	**2,740**	1,811	979	743	654
Shareholders' equity	**28,923**	24,013	20,082	15,777	13,706
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Basic earnings per share	**2.87**	1.92	1.99	1.53	1.17
Diluted earnings per share	**2.81**	1.89	1.99	1.53	1.17
Shareholders' equity per share	**10.70**	8.88	7.43	5.88	5.11
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividends per share					
– Ordinary interim	**60**	21	31	50	41
– Ordinary final	**68**	47	36	28	41
– Special interim	**30**	–	–	–	–
– Special final	**–**	–	–	–	16
Total	**158**	68	67	78	98
	(%)	(%)	(%)	(%)	(%)
Gross profit margin	**61.6**	58.2	55.0	52.6	49.4
Operating profit margin	**22.3**	25.8	25.6	23.7	23.9
Margin of profit attributable to equity shareholders	**15.7**	14.5	15.8	17.0	18.5
Effective tax rate(1)	**26.7**	29.0	27.6	26.6	26.7
Advertising and promotional expenses ratio (as a percentage of revenue)	**12.4**	10.0	10.6	12.1	10.6
Staff costs ratio (as a percentage of revenue)	**13.5**	12.5	11.7	10.9	12.0
R&D costs ratio (as a percentage of revenue)	**2.3**	2.5	2.3	2.5	2.9
Gearing ratio(1)	**21.0**	27.8	22.3	7.3	0.8
Return on average total shareholders' equity(1)	**29.2**	23.4	29.8	27.8	26.6
Return on average total assets(1)	**13.5**	11.1	16.3	18.9	18.5
Average total shareholders' equity to average total assets	**46.2**	47.4	54.7	67.9	69.8
	(days)	(days)	(days)	(days)	(days)
Average inventory turnover days(1)	**127**	122	87	81	75
Average trade receivables turnover days(1)	**26**	39	34	35	41
Average trade payables turnover days(1)	**53**	66	57	52	51

Notes:

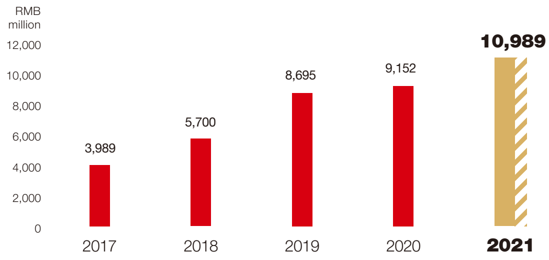
(1) Please refer to notes on page 8 of the annual report for the definitions of effective tax rate, gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.

(2) As a result of the adoption of IFRS/HKFRS 16, Leases, with effect from 1 January 2019, the Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognize right-of-use assets and lease liabilities as at 1 January 2019. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Figures in years earlier than 2019 are stated in accordance with the policies applicable in those years.

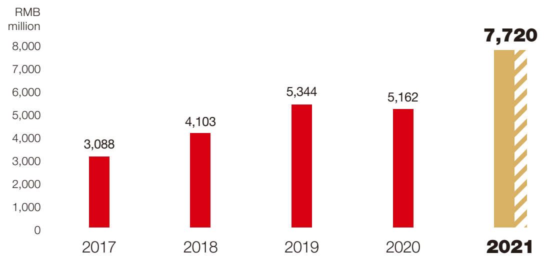
REVENUE



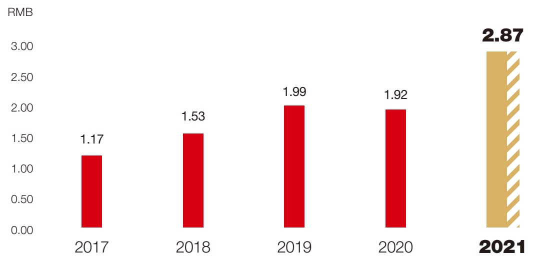
PROFIT FROM OPERATIONS



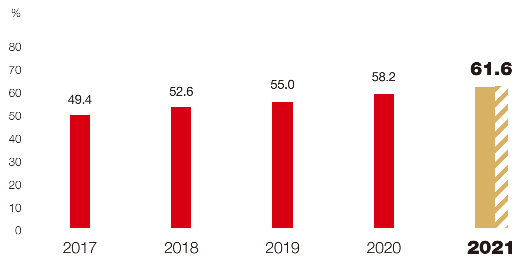
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



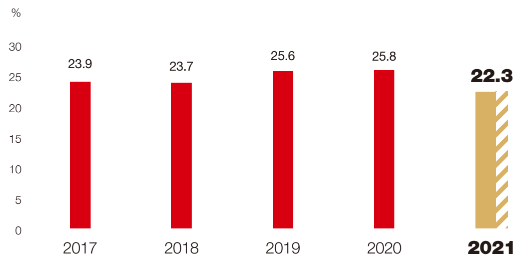
BASIC EARNINGS PER SHARE



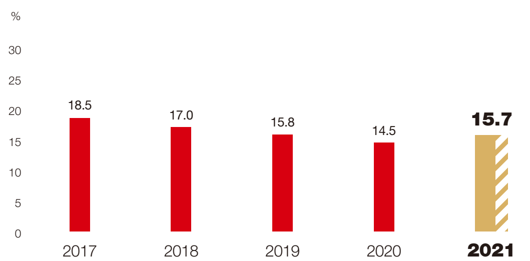
GROSS PROFIT MARGIN



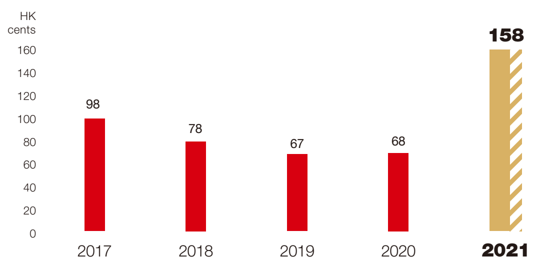
OPERATING PROFIT MARGIN



MARGIN OF PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



TOTAL DIVIDENDS PER ORDINARY SHARE



2021 MILESTONE

MARCH

ANTA Launched FLASHLITE 3.0 Running Shoes

On the back of its advanced technological R&D, ANTA launched FLASHLITE 3.0 running shoes, which topped the overwhelming market response to FLASHLITE 2.0. The third iteration's material density was reduced to 0.1 g/cm³, 28% lower than the previous edition, with an energy return rate of 77%, 16% higher than FLASHLITE 2.0.

APRIL

Wang Yibo Officially Became ANTA's Global Chief Brand Ambassador

Renowned Chinese celebrity Wang Yibo became ANTA's Global Chief Brand Ambassador. As a veteran sports lover, Wang is remarkable at skateboarding, street dancing and motorcycle racing. This collaboration will further boost the development of ANTA on the back of the consumption trend from the new generation, showcasing a "Generation Z" spirit to a wider audience and spreading positive vibes.

MAY

ANTA Sports Launched "ANTA Forest" Forest and Landscape Recovery Project in Beijing

ANTA Sports launched the "ANTA Forest" forest and landscape recovery project at Imperial Ming Tombs Forest Farm in Beijing. The project was to do restorative work on ecosystems across forests and landscapes at numerous farms as well as provide landscaping for the Beijing 2022 Olympic Winter Games, in order to protect biodiversity in the area.

ANTA Became Official Strategic Partner of Chinese National Swimming Team

ANTA continued to support Chinese athletes by becoming the official partner of COC for 16 years and continued to sponsor 22 Chinese national teams with Olympic outfits including winter sports, boxing, taekwondo, gymnastics, karate, weightlifting, wrestling, trampoline, etc. During the financial year, ANTA entered into an agreement with the Chinese National Swimming Team to become its official strategic partner, providing them with professional outfits for competition and training.

JUNE

ANTA Sports Co-established "Tsinghua University- ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" with Tsinghua University

The "Tsinghua University- ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" was co-established by us and Tsinghua University. The center is committed to building a world-leading innovation platform for the sportswear industry while leveraging the resources of Tsinghua University's multi-faculty and interdisciplinary experience. It helped Chinese sportswear brands to drive growth and to achieve global recognition via the integration of innovation in sports technology R&D and market transformation.

JUNE

ANTA Unveiled “Champion Dragon Outfit” for Tokyo 2020 Olympic Summer Games

ANTA officially unveiled its “Champion Dragon Outfit” for the CSD for the Tokyo 2020 Olympic Summer Games, marking the eighth consecutive time that ANTA has worked with the COC. The “Champion Dragon Outfit” was designed by renowned visual artist Mr. Timmy Yip, which incorporated innovative Chinese elements with traditional cultural concepts and philosophy while taking sportswear cutting into account. “Champion Dragon Outfit” combined Chinese traditional culture with aesthetics and high technology, sharing the joy with our Chinese Olympic athletes at the winning stage.

JULY

ANTA Announced Five-year Development Strategy and "Lead to Win" Acceleration Plan

ANTA announced its Five-Year Development Strategy and “Lead to Win” acceleration plan. Over the next five years, ANTA aims to deliver revenue growth consecutively and expand its market share in China, in order to maintain its leading position in the Chinese sportswear industry.

ANTA Sports Donated to Henan Province for Disaster Relief

Following the severe rainstorm in Henan Province, we donated RMB50 million worth of cash and equipment to the Henan Charity Network to support frontline rescue work in affected areas and help the victims resume a normal life as soon as possible. We also granted access to the "Hemu Charity Fund" for affected staff and their family members in Henan, providing assistance and relief.

SEPTEMBER

ANTA Organized its First Innovation Technology Conference and Launched Its New Generation of Midsole Technology

ANTA organized its first Innovation Technology Conference with the theme of "Innovative Move for the Future". The event demonstrated ANTA's determination on empowering the professional sportswear segment with innovative technology. During the event, ANTA introduced its new generation of midsole technology, "ANTA Nitrogen Technology" and its potential application. ANTA Nitrogen Technology enabled products to be more “Resilient, Lightweight and Long-lasting”, providing professional runners and sports enthusiasts alike with a high-bouncing and flow experience.

FILA Celebrated 110th Anniversary

FILA celebrated its 110th anniversary with a grand visual fashion show. Through a creative drama performance, FILA’s top celebrity endorsers, Huang Jingyu and the other models demonstrated the elegance of FILA on the runway.

DECEMBER

ANTA Sports Released New 10-year Strategies for Value Creation through Mutualism

We celebrated our 30th anniversary and announced our new 10-year strategies and sustainable development goals. Over the next 10 years, we will strive to achieve value creation through mutualism with our stakeholders and promote sustainable development and common prosperity across four key areas: Consumers, Partners, Environment and Society. We have been steadfast in our mission “To integrate the sports spirit of “Going Beyond Oneself” into everyone’s daily life”, and has raised a new vision of “To Become A Leading Multi-brand Sportswear Group In The World”, adhering to the business principle of "Value Creation through Mutualism" in order to create a "Mutualistic Ecosystem". We are entering a new decade, armed with new "Single-focus, Multi-brand, Globalization" strategies.

Wang Yibo,
A renowned Chinese celebrity

GROSS PROFIT

+47%

to RMB 30.4 BILLION

GROSS PROFIT MARGIN

61.6%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2021.

BEYOND FANTASY IN 30+

ANTA Sports has been flourishing for the past 30 years and we have made remarkable achievements. Over 30 years of development and leveraging on three growth curves, we have successfully implemented a multi-brand differentiated layout through executing five major strategic decisions: a brand building, public listing, establishing partnerships with the Olympic Games, acquiring FILA business and forming the investor consortium with other investors to acquire Amer Sports. These decisions provided a solid foundation that contributed to our success. 30 years is not only a milestone of our achievements, but also a rallying point for our journey forward.

Although there is still uncertainty around Pandemic and global economic recovery, epidemic prevention and control has gradually become the new norm in people's daily lives, and healthy lifestyle and participation in sports have formed new trends and brought new development opportunities to the global sportswear industry. We are not only committed to the globalization in terms of market position, brand layout, value chain composition and governance structure, but also committed to continuously enhancing the leading advantage of our brands, and showcasing Chinese brands to the world.

Thanks to China's proper control of the Pandemic, Chinese economy showed great resilience in 2021, with a steady growth in GDP. Confidence in brands and culture brought huge opportunities to Chinese brands, and personalized and differentiated consumption habit as well as multi-level transformation of online platforms allowed the growth of high-quality and high-end niche brands. Under the complex and everchanging internal and external environment, our brands still achieved high-quality growth. We have gained phased victories in the Group's three must-win battles: (i) breakthrough of ANTA to become a brand that captures consumers' minds, and to be a sportswear brand that is first mentioned by consumers; (ii) in terms of digitalization capabilities, realizing the transformation from empirical decision-making to digital decision-making; and (iii) accelerating the growth of online business on top of the high growth in 2020.

UPHOLDING THREE COMPETITIVE GROWTH CURVES TO ACHIEVE HIGH-QUALITY GROWTH

Leveraging the resources and synergy generated by the multi-brand strategy, we have been able to create extra value for consumers over the past 10 years. We have upheld the strategy of "Single-focus, Multi-brand, Omni-channel", which has guided us to victory in several must-win battles. During the financial year, our revenue, gross profit and operating profit all hit record highs since listing. Our overall revenue increased by 38.9% to RMB49.33 billion (2020: RMB35.51 billion), maintaining the leading position of sportswear brands in China with absolute advantage. Revenue from ANTA segment significantly increased by 52.5% to RMB24.01 billion, while FILA segment's revenue increased by 25.1% to RMB21.82 billion. The new brand incubation model became more mature, and all other brands' revenue increased by 51.1% to RMB3.49 billion driven by DESCENTE and KOLON SPORT. Meanwhile, the overall gross profit increased by 47.2% to RMB30.40 billion (2020: RMB20.65 billion) with an overall gross profit margin of 61.6% (2020: 58.2%), both hitting a record high. Overall operating profit exceeded RMB10 billion and reached RMB10.99 billion (2020: RMB9.15 billion), with an overall operating profit margin of 22.3% (2020: 25.8%). On a consolidated basis, excluding the effect of the share of loss of a joint venture, the profit attributable to equity shareholders surged by 35.4% to RMB7.80 billion (2020: RMB5.76 billion). On a consolidated basis, with the effect of share of loss of a joint venture, the profit attributable to equity shareholders surged by 49.6% to RMB7.72 billion (2020: RMB5.16 billion).

During the financial year, the Group's free cash inflow increased by 56.5% to RMB10.37 billion, reflecting a healthy cash generation capability. Moreover, the Group had a total of RMB24.58 billion in total amount of cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits at the end of the financial year. Net cash position also increased to RMB11.41 billion. The abundant amount of cash reflected our adequate risk resistance ability. In view of an increasingly healthy financial position, the Board has recommended the payment of a final dividend of HK68 cents per ordinary share (subject to the approval by shareholders of the Company at the forthcoming AGM), which is the same as the total dividends per share in 2020. Dividend payout for the financial year was 45.6% of the profit attributable to equity shareholders that include the proposed final dividend of HK68 cents, the declared and paid special interim dividend of HK30 cents for the Group's 30th anniversary and declared and paid interim dividend of HK60 cents. The payout ratio is at the highest level since 2018, which indicates a stable and healthy return to our shareholders.

We formed the investor consortium with other investors to acquire Amer Sports in March 2019, and swiftly enacted the future growth plan for Amer Sports. Over the past two years, even amid the challenge of the global Pandemic outbreak and supply chain disruptions, Amer Sports continued on a track of acceleration under the relentless efforts of the investor consortium and the management, adhering to the strategy of big brands, big channels and big markets while constantly developing on its e-commerce, DTC and China business. During the financial year, Amer Sports completed the sale of Precor fitness business and announced the sale of Suunto digital instrument business. Furthermore, the revenue and operating profit from the continuing operations of Amer Sports in relation to the core brand's business exceeded pre-pandemic levels in 2019 and hit a record high. EBITDA of the joint venture holding Amer Sports significantly increased by 46.6% to RMB2.37 billion, with the share of loss to the Group decreasing significantly from RMB601 million in 2020 to RMB81 million during the financial year. We believe that ANTA Sports and Amer Sports will continue to provide better sportswear products, in terms of experiences and satisfaction to consumers, sports enthusiasts and professionals globally.

THE TWO OLYMPIC GAMES ENDED SUCCESSFULLY WITH ANTA SPORTS SUPPORTING THE ATHLETES

ANTA has been a partner of the COC for 16 consecutive years and has always been committed to promoting the Olympic spirit. To seize the opportunity arose from the two recent Olympic Games, we provided the "Champion Dragon Outfit" to the Chinese Olympic athletes that reflected Chinese elements and characteristics of the era, showcasing Chinese manufacturing to the world alongside the Olympic Games, as well as promoting the brand concept of "Sports for Life, ANTA for China" to the world. In addition, ANTA provided outfits for 22 Chinese national teams. From the “Champion Dragon Outfit” to other competition outfits that equipped with advanced technology, ANTA stayed with Chinese athletes to achieve the best overseas Olympic results in the Tokyo 2020 Olympic Summer Games, and created history at the Beijing 2022 Olympic Winter Games with the Chinese teams winning nine gold medals.

The prevalence of ANTA’s outfit was seen across the Beijing 2022 Olympic Winter Games. To enable efficient heat storage and speedy warming, the winning outfit for the Beijing 2022 Olympic Winter Games were produced with two self-developed fabric technologies: ANTA thermal technology, waterproof and breathable technology. Among the 15 sport disciplines at the Olympics Winter Games, ANTA provided competition outfits for 12 Chinese national teams competing in the Games. The Chinese short track speed skating team, which won the championship at the Beijing 2022 Olympic Winter Games, wore an outfit with advanced technology. Since 2019, ANTA has deeply partnered with Eileen Gu, who won two gold and one silver medals at the Beijing 2022 Olympic Winter Games, to develop marketing campaign for women series called “Beauty through Movement”. Other brands also appeared at the Olympic Winter Games, including FILA and DESCENTE.

During the Beijing 2022 Olympic Winter Games, ANTA earned extensive brand exposure during key occasions such as the opening and closing ceremonies, award ceremonies, and torch relay. The brand effect of the Olympics Winter Games had also driven the online and offline sales of related products including collection of ANTA champion series, sports shoes with Olympic torch theme and “Ling” ice and snow gift boxes, etc. From 4 February to 15 February 2022, ANTA’s official flagship store ranked top in terms of total merchandise transactions on the T-mall.

DIGITALIZATION IMPROVED THE OPERATIONS WITH BREAKTHROUGHS IN SUPPLY CHAIN AND ONLINE OPERATIONS

Consumer behaviors have changed as a result of the Pandemic, and customers have grown accustomed to shopping on online platforms, making e-commerce the primary arena for consumer products. As a result, we have increased our digitalization investments and stepped up our efforts in providing consumers with a faster and more convenient online shopping experience, particularly in the areas of membership value, official e-commerce stores, consumer targeting and public traffic to private traffic transformation. During the financial year, our e-commerce revenue contributed 29% (2020: 26%) of the Group’s overall revenue, an increase of 50% in terms of absolute amount over 2020, and achieved strong growth despite a high base last year. In addition, we effectively made good use of social media platforms to launch marketing campaigns, used content seeding to drive traffic to the online stores and allocated resources to different marketing content.

During the financial year, we launched a digital platform to upgrade our supply chain efficiency. Through the Internet of Things, digitalization, and smart infrastructure, we have constructed a comprehensive value chain system that enable smoother data exchange between suppliers, brands, distributors, retail stores and consumers, which allows us to integrate operation and data in building a decision-making model based on big data. Through digitalization and O2O model, we integrated the online and offline inventory system, which helped accelerate the product distribution process, reduce operational costs and maximize inventory efficiency. This has also empowered the growth of all brands. In addition, we have cooperated with scientific research organizations such as Tsinghua University, in bringing together global quality strategic suppliers, and established strategic partnerships with international leading material and chemical suppliers to build an innovation platform, integrating internal and external resources.

To enhance O2O model, we continued to improve the service quality, efficiency and effectiveness of our logistics management. During the financial year, we established a retail logistics network of regional warehouses and cloud warehouses, unified the standards procedures of each warehouse, and increased the efficiency as well as the number of stores that can do direct delivery from warehouses through the full operation of Southern China warehouses, Southwestern China warehouses and various digital tools. The network also enhanced the operational efficiency of DTC. In addition, the second phase of logistics center started construction during the financial year, which will support the high-quality growth and development of our brands.

STRIVING AHEAD AND KEEP MOVING

We are determined to move forward and capture opportunities based on our insights. We see a broad market with huge potential in China’s sportswear industry, and only companies that can meet the demands and experiences of consumers, take initiative to fulfil social responsibilities, and continuously optimize business efficiency can “Lead to Win” in the future. We will continue to set our “Benchmarking with High Standard”, meaning that we will not focus on past successes, but be ready to achieve further by “Starting from Zero”.

Although the Pandemic is raging, we use a “Dynamic Management” strategy to manage the external uncertainties, and align to our “Strategic Goals” and “Cultural Values” so we may respond to changes effectively. During the financial year, we were included in the “Hang Seng New Consumption Index” and became one of the top 10 weighting constituent stocks which was another recognition from the capital market of our successful strategy.

On behalf of the Board, I would like to express my sincere gratitude to all Shareholders for your support, and to pay high tribute to the stakeholders and all employees who have grown with us along the way. Under our new ten-year strategy of “Single-Focus, Multi-Brand, Globalization”, we are confident these right strategies will drive us to more milestones and create greater value for our shareholders amid the communities.

Ding Shizhong
Chairman
Hong Kong, 22 March 2022

Huang Jingyu,
A renowned Chinese actor

PROFIT FROM OPERATIONS

+20%

TO RMB 11.0 BILLION

MARKET REVIEW

The Economy Remains Cautiously Optimistic Despite Headwinds in China

Against the backdrop of resurgence of the Pandemic and supply chain disruptions, the Chinese economy undoubtedly was being impacted. After recording a 12.7% GDP growth in the first half of 2021, GDP growth slowed down to 4.9% and 4.0% respectively in the last two quarters of 2021, resulting an overall GDP growth of 8.1% in 2021, according to the National Bureau of Statistics of China. After a strong performance in China's total retail sales of consumer goods in the first half of 2021, with a growth rate of 23.0%, there was a slowdown in the second half compared with first half of 2021. Nevertheless, the China's total retail sales of consumer goods for the full year of 2021 still recorded a growth of 12.5% to RMB44.08 trillion in 2021.

Compared with the strong growth in the first half of 2021, the significant slowdown in GDP and retail sales in the second half of 2021 underlined challenges from both supply and demand for the world's second-largest economy. Manufacturers struggled with electricity shortages and rising costs, and scattered infections of both the Delta and Omicron variants caused factory shutdowns and posed severe supply chain disruptions. Meanwhile, consumer spending appetite remained weak as occasional outbreaks in different parts of China resulted in the Chinese government tightening restrictions on social gatherings and imposing lockdowns to prevent new flare-ups. Although the possibility of various black swan events cannot be ruled out, the Chinese government has repeatedly stated that China would focus on high-quality economic growth, which will help boost the process of economic reform and rebalancing.

National Policies that Favor Industry Growth

Despite economic headwinds in the second half of 2021, China's sportswear industry remained upbeat. The Summer and Winter Olympic Games have created a frenzy among the public in China and have enjoyed support from the Chinese government. According to the national Winter Sports Development Plan (2016–2025), the winter sports industry is expected to reach a scale of RMB1 trillion by 2025. As the official partner of COC for 16 years, ANTA not only provided Chinese athletes with first-class sports outfits, but also expected to enjoy tremendous exposure and publicity during the Games. The sales of Olympic-Games-related sportswear in particular had seen significant growth during the financial year.

Meanwhile, new national policies issued by China are also favorable to the development of the sportswear industry. Facing the Pandemic, the Chinese government has encouraged citizens to improve their health by doing more sports. In August, the State Council issued an announcement to push forward a new five-year mass fitness program, allowing the general public to enjoy a full coverage of fitness facilities in counties, towns and administrative villages, and communities within a 15-minute walk by 2025. This new initiative is expected to generate RMB5 trillion for the sportswear industry.

In addition, the rising cultural identity among the Chinese have propelled many domestic consumers to turn to national brands. Keywords like "Guochao" – a Chinese phrase referring to home-grown style – have been up and coming. This has resulted in an expanding market share for many domestic sportswear brands.

Outstanding female athletes, such as Elieen Gu, continued to expand influence in international competitions. These would lead to a rise in female sports participation, another favorable factor to the sportswear industry. Being more health conscious, female millennials now like to keep fit through running, hiking, going to the gym or taking yoga classes, and then sharing their photos and fitness experience on social media platforms. This has given rise to the athleisure market, a fusion of sports and fashion which benefits for the Chinese sportswear brands.

With these new national policies and socioeconomic developments set to benefit the sportswear industry in China, we foresee healthy growth ahead for the industry.

Resilient Performance Powered by 30 Years of Excellence

During the financial year, we illustrated our outstanding capability even in the face of an increasingly complex market environment. The remarkable dedication and track record over the last three decades contributed to culture of ANTA, which are “Never Admit Defeat, Never Afraid of Hardship, Love to Fight and Dare to Win”, establishing a leading edge in China’s sportswear market. Since 2009, we launched our multi-brand strategies, riding on our three brand groups to facilitate our multi-brand strategy: Performance Sports Group, Fashion Sports Group and Outdoor Sports Group. ANTA and ANTA KIDS are categorized as the Performance Sports Group, while FILA, FILA FUSION and FILA KIDS are categorized as the Fashion Sports Group, DESCENTE and KOLON SPORT belong to the Outdoor Sports Group. With our capabilities in multi-brand management, we continue to be “Consumer-centric” and are committed to achieving “High-quality Growth”.

Eileen Gu,
A renowned skiing athlete

MANAGEMENT DISCUSSION AND ANALYSIS

Since initiating the DTC model transformation in 2020, ANTA completed all transition processes in the first half of 2021, including to build complete DTC model, retail workflow as well as respective key performance index at the store level. The DTC model enhanced connectivity between ANTA and the retail network, enabled ANTA to respond to the demands of customers swiftly. ANTA also announced the Five-Year Development Strategy & “Lead to Win” acceleration plan. Emphasizing on “Rooted in & Known for Performance Sport” and “Brand Transformation & Growth”, ANTA aimed to enhance market share in China, by continuing to sponsor outfits for national teams, leveraging global advanced sports R&D capability, focusing on Olympic Games, running, basketball, and women’s series.

FILA continued to ride on its multi-brand strategies to promote FILA , FILA KIDS and FILA FUSION, through running its self-operating stores that offer multiple scenes and its online business. During the financial year, we saw breakthroughs in FILA’s products, especially high-priced footwear, which boosted the brand’s reputation. FILA took advantage of operating leverage, and at the same time still invested its resources into products and branding strategies, to enable FILA successfully capturing opportunities from different age groups, so that every member in a family becomes FILA customer. As for other brands like DESCENTE and KOLON SPORT, they continued to maintain strong growths and play important roles in our brand portfolio.

We have adhered to a globalized strategic mindset. The strategy of "Single-focus, Multi-brand, Omni-channel" has been successful. We will also continue to operate our business with the strategies of "Single-focus, Multi-brand, Globalization" in the next decade: the "Single-focus" strategy focuses on the sportswear industry and consumer value creation; the "Multi-brand" strategy caters to consumers' differentiated needs, which provides them with more top quality product; and the "Globalization" initiative fosters ANTA into a sportswear brand that represents China with global footprints.

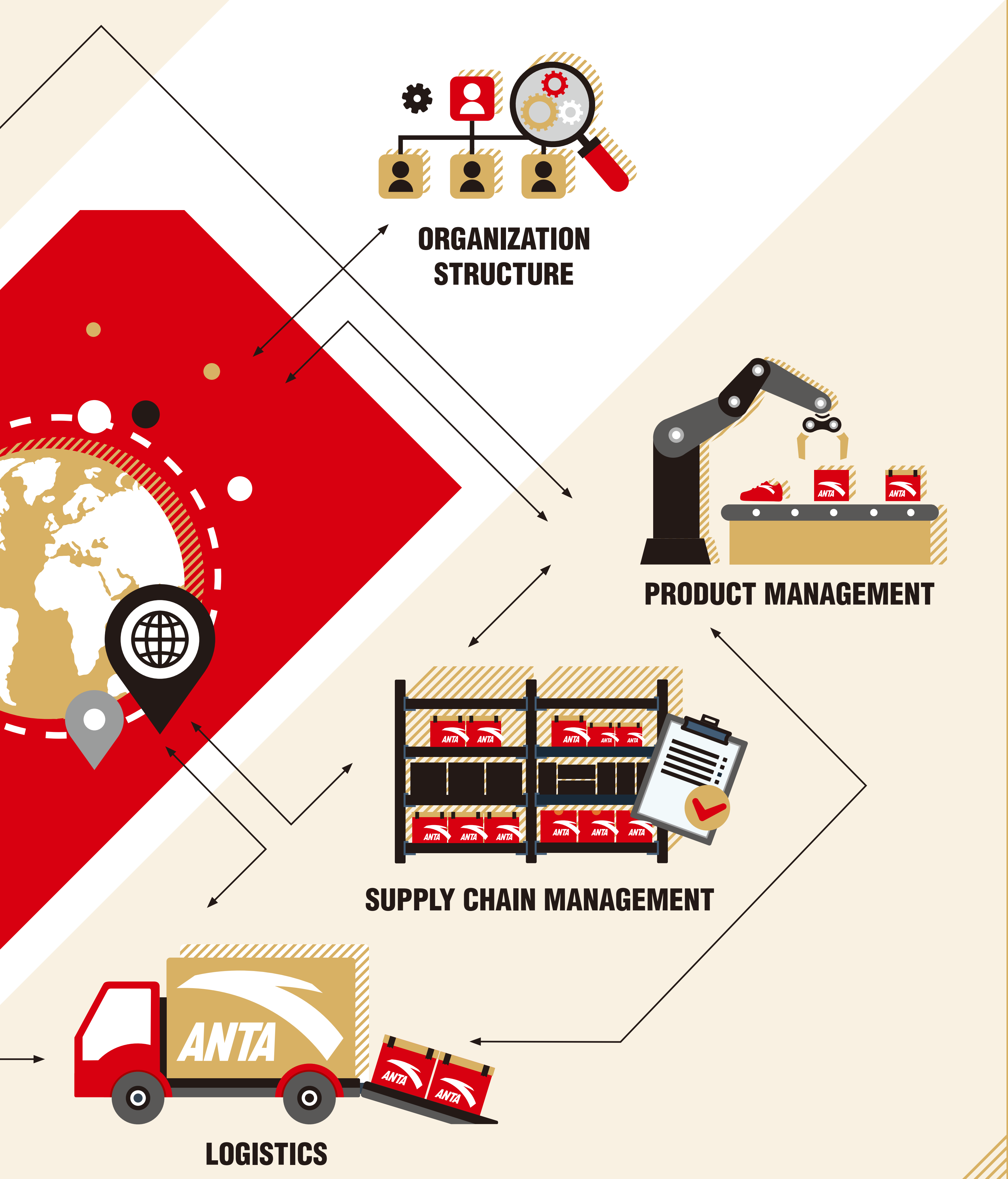
Optimizing Channels and Expanding Investment in Digitalization

ANTA initiated the DTC model in August 2020 and the transformation progressed smoothly. As of December 2021, we have adopted a hybrid operation model in 18 regions, namely Changchun, Changsha, Chengdu, Chongqing, Guangdong, Kunming, Nanjing, Shanghai, Wuhan, Xian, Zhejiang, Shenyang, Quanzhou, Xinjiang, Henan, Shandong, Beijing and Harbin. Around 52% of approximately 6,000 stores in aggregate was directly operated by ANTA and 48% was operated by franchisees under ANTA's operating standards. During the financial year, ANTA has optimized the management efficiency of the DTC model, the respective stores have achieved stronger results in store efficiency, product efficiency and profitability.

Through digitalization, we stepped up our effort on supply chain, new technology, new materials etc., which enabled us to accelerate our product and brand development. In June, in a bid to strengthen our R&D capacity, we co-established "Tsinghua University-ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" with Tsinghua University. The Center is committed to building a world-leading innovation platform for the sportswear industry while leveraging the resources of Tsinghua University's multi-faculty and interdisciplinary experience. It helped Chinese sportswear brands to drive growth and achieve global recognition through the integration of sports technological innovation and conversion marketing. On the other hand, the phase two of logistics center was under construction, providing a better solution for our logistics process and supply chain management, and marking another step in our progression towards a smart logistics era.

By adopting big data, we are able to analyze real-time in-store operation data, allowing us to control inventory more effectively and maintain it at a reasonable level. We continued to invest in the intelligence of value chain, stepped up our efforts on membership value, official e-commerce store, customer targeting at bigger stores and public traffic to private traffic transformation, in order to adapt the consumer's habit and consumption trend since the outbreak of the Pandemic. This development not only created the synergy of O2O model to drive retail sales but also proved effectiveness in easing our offline store pressure and inventory under Pandemic. Our strategy to leverage a "Live-streaming + E-commerce" marketing model also paid off in boosting online sales, while allowing our different brands to share resources on the integrated e-commerce platform. During the financial year, the e-commerce business contributed 29% (2020: 26%) of the overall revenue to the Group and increased by 50% as compared with 2020 in terms of absolute amount.

Mall
ANTA
Outlet
IN-STORE SHOPPING
BRAND
MANAGEMENT
FEEDBACK
2
E-COMMERCE
BIG
DATA
CONSUMER SUPPORT


ORGANIZATION STRUCTURE
PRODUCT MANAGEMENT
SUPPLY CHAIN MANAGEMENT
LOGISTICS
ANTA

ANTA
Functional sportswear products for running, cross-training and basketball

ANTA KIDS
Kid's sportswear products

FILA
Fashion sports clothing

FILA KIDS
Kid's fashion sports clothing

FILA FUSION
Youth's trendy clothing

DESCENTE
Functional sportswear products for skiing, cross-training and running

KOLON SPORT
Outdoor lifestyle sportswear products

BUSINESS REVIEW

Brand Management

ANTA

As a leading sportswear brand in China, ANTA is committed to providing the mass market with functional, "value-for-money" sportswear for a diverse range of sporting categories, from popular to professional and niche sports, including running, cross-training, basketball, women's series, amongst others.

As the official partner of the COC for 16 years, ANTA continues to sponsor 22 Chinese national Olympic teams through the provision of outfits in winter sports, boxing, taekwondo, gymnastics, karate, weightlifting, wrestling, trampoline, and more. In June, ANTA became the official strategic partner of the Chinese National Swimming Team, providing them with professional outfits for competitions and training, demonstrating the ANTA's efforts to actively promote the Olympic and national spirit over the years, and enhancing ANTA's brand influence and value.

ANTA unveiled its latest "Champion Dragon Outfit" for the CSD at the Tokyo 2020 Olympic Summer Games, designed by renowned visual artist Mr. Timmy Yip and incorporating innovative Chinese elements, traditional cultural concepts and philosophy into the modern sportswear outfits. The "Champion Dragon Outfit" combined traditional Chinese culture with contemporary aesthetics and technology, and shared the joy with the Chinese Olympians as they won 38 glorious times. In October, ANTA unveiled the uniform outfits for staff, government officials and volunteers in Beijing 2022 Olympic Winter Games and Paralympic Winter Games. In the meantime, ANTA provided 12 Chinese Winter Sports Team with competition outfits which include our new A-warm technology. ANTA applied the same technology from Olympians to consumers and launched high-end A-warm winter apparel products to the market during the financial year, allowing consumers to have more selections for their winter apparel products. A-warm technology was later named the global selection award in FIBERS & INSULTATION category at ISPO TEXTRRENDS. Our A-Chill Touch technology was also awarded the Top 10 at ISPO TEXTRRENDS.

ANTA continued to endorse professional athletes including Eileen Gu, Wu Dajing, Lu Xiaojun, Zhang Jike, etc., to promote ANTA's professional image. During the financial year, ANTA endorsed Wang Yibo and Bai Jingting, two renowned Chinese celebrities through their strong influences, especially in the influence of Generation Z, to deliver positive energy together and rejuvenate the brand. On the other hand, Eileen Gu won two gold medals and one silver medal at the Beijing 2022 Olympic Winter Games. She also became the only freestyle skier in history to win three medals. Wearing ANTA outfits over the competition and the moment of receiving the medal on stage, this not only enhanced the exposure of ANTA in front of the international media and consumer, but also drove the sales of skiing apparel products in China.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTA is committed to promoting its image as a professional brand, and during the financial year, took further measures to strengthen its leading position in running, cross-training and basketball products. ANTA's professional R&D capability is a core strength. "Tsinghua University – ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" which was co-established by us and Tsinghua University to further strengthen the capabilities. The center is committed to building a world-leading innovation platform for the sportswear industry, leveraging resources from Tsinghua University's multi-faculty and interdisciplinary experience.

ANTA continued to develop a lot of technological products during the financial year. The FLASHLITE platform showcasing ANTA's efforts in technological innovation in the professional running sector. Following the overwhelming market response to FLASHLITE 2.0, ANTA launched FLASHLITE 3.0 through its advanced technological R&D. In the third edition, the material density was dropped to 0.1 g/cm³, 28% lower than the previous edition, while the energy return rate reached 77%, 16% higher than FLASHLITE 2.0. ANTA also launched its first Innovation Technology Conference, under the theme of "Innovative Move for the Future". The event demonstrated ANTA's focus and determination to empower the professional sportswear segment with innovative technology. During the event, ANTA introduced its new generation of midsole technology, "ANTA Nitrogen Technology", and launched new product series with the application of "ANTA Nitrogen Technology". The ANTA C202 GT Marathon racing shoe is made of supercritical foaming materials and a dual-density midsole designed to ensure the stability of the shoe's high-light rebound and cushioning. Also, the ergonomic 3D bionic foot-shaped carbon plate makes the shoe fit to the contours of the feet better as well as strengthening foot arch support. Additionally, ANTA launched the Beijing 2022 Olympic Winter Games authorized national flag series, ANTA champion series and relevant products of Beijing 2022 Olympic Winter Games, which received overwhelming responses from the customers.

In terms of basketball, ANTA continued to build "Shock the Game" into a basketball IP to meet the demands of young consumers, through a number of strategies including differentiated position of grassroots basketball, highly integrated products and marketing activities as well as synergies between headquarters and retail stores etc., ANTA has successfully established its basketball brand image inside the mind of young people. During the financial year, ANTA cooperated with professional basketball players including Klay Thompson and Gordan Hayward and ANTA launched GH3 and KT7 basketball shoes. Leveraging on the latest Nitrospeed technology for midsoles, KT7 uses SMART S.A.M and supercritical tech to provide better ankle support. Even though Klay Thompson was absent from the NBA for two seasons, the KT series was still a consumer favorite. The cumulative wholesale volume of KT1 to KT7 series was more than million pairs, which was the best proof of professionalism and brand improvement.

During the financial year, ANTA announced its Five-year Development Strategy and "Lead to Win" acceleration plan. Leveraging on ANTA's existing strengths, ANTA will continue to sponsor outfits for Chinese national teams, leverage global advanced sports R&D capability, and grab the opportunities of Generation Z and speed up DTC transformation and digitalization, etc. Over the next five years, ANTA aims to deliver continuous revenue growth and expand its overall market share in China while maintaining its leading position in the Chinese sportswear industry. As of 31 December 2021, there are 9,403 ANTA stores including ANTA KIDS standalone stores in Mainland China and overseas.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTA KIDS

With the Chinese Government introducing the Three-child policy, and under the backdrop of encouraging kids sports and enhancing the correlations between sports and school assessment under Chinese policy, kids' sportswear market is expected to expand further and we foresee consolidation opportunities in the future. ANTA KIDS enjoys the advantage of being an "Industry Pioneer". After years of development, ANTA KIDS has established its leadership in the industry and consistently promoted its philosophy of "Grow Up with Fun". ANTA KIDS continued to reinforce its position as the market leader, widening the gap with major international brand competitors, after achieving breakthroughs in professional sports mindset, the retail performance of offline and online retail stores, and core channels.

In order to build its professional image, ANTA KIDS leveraged the results of the sports science laboratory of ANTA adult's series, and continued to implement research studies into children's sports habits and their growth characteristics and launch a series of functional products for running, basketball, soccer and outdoor sports, by incorporating advanced technologies like quick-dry, warmth, water-repellent, protectiveness and comfortability into products that fulfilled the specific needs of kids in different scenarios. During the financial year, ANTA KIDS launched the first youth racing carbon-plated running shoe "Striking Waves", which helped to enhance running performance. The mid-sole of "Striking Waves" applied Nitrogen Technology and supercritical nylon foaming, for an energy return of not less than 85%. In addition, ANTA KIDS added innovative sports such as balance bikes, skateboards, and skiing, and integrated professional images into children's growth memory through multi-scene experiences.

In 2021, ANTA KIDS launched the "Wind-riding Running Shoes 3.0" that applied resilient elastic technology. With its soft and comfortability, it achieved good sell-through rate. Moreover, ANTA KIDS launched a series of hot-selling items including "Ride a Wave" limited edition, self-developed sportswear apparel applying water cool technology, "Alien basketball shoes", "UFO3.0 running shoes" and "A Thousand Miles of Rivers and Mountains" series that consisted of apparel and footwear products. Those products captured considerable attention from consumers, and those series achieved a better sell-through rate than average. Specifically, the proportion of footwear and technology products increased progressively leading to stronger brand differentiation.

Leveraging on the enthusiasm generated by the Beijing 2022 Olympic Winter Games, ANTA KIDS organized and participated in a number of Winter Olympic-Games-related activities. ANTA KIDS participated in the first Winter Olympic Fashion Week event and made a finale debut at the closing show of Shanghai Fashion Week, releasing the latest children's professional winter sportswear that incorporated professional technology and in-season's popular outdoor style, leading the new fashion trend of children's winter sports apparel. In addition, ANTA KIDS upgraded

kids

its second-generation heat return technology, to help teenagers conquer the low temperature and enjoy the joy of ice and snow sports. The heat return metal layer reflected heat radiated from the body, raising the body temperature by 4.7°C. The microbeads expanded when heated, building a warming shield for the body. ANTA KIDS also held its first outdoor live snow and ice exploration, with teenagers, who were all dressed in second-generation heat return technology outfit, visiting the Olympic Winter Games skiing venue and starting an ice and snow exploration journey with experts and coaches.

Through unified marketing strategies, ANTA KIDS held the "Play Makes Your Day" training camp, helping kids to increase their strength and lead to a healthier lifestyle. The training camp involved a series of professional physical training activities specifically designed for kids. ANTA KIDS collaborated with an internationally renowned sports training institution, to offer this professional physical fitness course to kids so as to promote the sporting spirit of staying healthy.

FILA, FILA KIDS and FILA FUSION

Positioned as a high-end fashion sports brand, FILA, together with FILA KIDS and FILA FUSION, target high-end consumers in a wide range of age groups. The success of FILA KIDS and FILA FUSION enables FILA to capture opportunities from different age groups, so that everyone in the family can be a FILA customer.

FILA's elegant image in fashion has been established through its top-quality products, top branding and top channels. Marking its 110th year anniversary, FILA cooperated with different brands and celebrity and organized a fashion show to enhance the brand's international image and long-standing connotation. Due to the impact of the Pandemic on the physical activities, FILA used different platforms to broadcast live streaming, attracting more than 16 million viewers and driving the sales of various series.

In addition, FILA engages with different endorsers such as global celebrities Gianna Jun and Lay Zhang, Chinese actresses Gao Yuanyuan, Jiang Shuying and Ni Ni, Huang Jingyu and Cai Xukun, a Chinese actor and a Chinese singer respectively. Each of them endorsed different series for FILA products, to enhance its brand reputation. During the financial year, Gianna Jun became the endorser of FILA Women series and demonstrated FILA Emerald series, Cai Xukun presented the FILA X have a good time series, and Lay Zhang presented the FILA MIX series, a collection of skateboarding shoes for street dancers.

Through FILA WHITE, FILA ORIGINALE and FILA MODERN HERITAGE, FILA provided high-end consumers with fresh experiences through their differentiated product series.

Stepping into the affordable luxury segment, FILA launched a number of crossover series with fashionable brands, including FILA X 3.1 Phillip Lim, FILA X MSGM, FILA x LANVIN, FILA X Maison MIHARA YASUHIRO, and others. FILA's crossover series with the Van Gogh Museum saw the post impressionist painter's art incorporated into FILA sportswear in a distinctive and unique style, representing the brand's spirit as a pioneer in sportswear fashion.

Being able to stay in style, FILA provided sports lovers with high-performance products that allowed athletes to perform at their best in training. FILA's range of sportswear targets a variety of sports, such as FILA X VIST and FILA Ski for skiers, FILA FITNESS series for sports enthusiasts, and FILA 110th anniversary series for tennis players. FILA also arranged a family golf competition to promote the FILA GOLF series, inviting parents and children to enjoy time together. During the financial year, FILA continued to achieve breakthroughs in footwear products with the introductions of FILA x LANVIN crossover shoes and FILA Icona shoes, the number of shoes products being sold exceeded 15 million pairs. We are confident that FILA's footwear products will become one of the growth drivers in the future. In addition, FILA focused on innovative technology development in professional sports, and successfully launched different technologies, with the aim of providing consumers with better and more comfortable sports experiences.

FILA KIDS

Since the launching of the FILA KIDS in Mainland China in 2015, with the aim of providing high-end children with apparel and footwear. Inheriting FILA's elegant and unique style, FILA KIDS has developed its leading position in the high-end kidswear market.

FILA KIDS launched new kidswear collections for different scenarios, and crossover series during the financial year. FILA KIDS launched the FILA x PePe Shimada series and FILA x Shaun the Sheep series, fashionable FILA x 3.1 Philip Lim series, FILA KIDS x Marcelo Burlon series and artistic FILA KIDS x Marcelo Burlon series, offering different kidswear collections to satisfy kids' needs for different scenarios. In addition, FILA KIDS has also continuously deepened the development in kids' professional sports products, especially in kids tennis and kids skiing. FILA KIDS held the first FILA KIDS Diamond Cup Youth Tennis Competition and the first FILA KIDS National Youth Alpine Skiing Open which became the popular events in kids sports in 2021.

FILA FUSION has been operating its own stores since 2017 to target the younger demographic, blending the concepts of youthfulness, sunshine and trendy sports. FILA FUSION was endorsed by Japanese model Kōki, and Chinese singer Nana Ou-Yang.

FILA FUSION launched stylish footwear products including TERATACH basketball shoes, Bianco shoes, QD96 shoes, and other crossover products with several internationally renowned brands, including Tokyo Studio – FILA Out of Box, with a unisex product theme. During the financial year, FILA FUSION launched FUSION HUB, publishing newsletters on its WeChat account to engage with young consumers and encourage exploration of current fashion trends. As of 31 December 2021, there were 2,054 FILA stores including FILA KIDS and FILA FUSION standalone stores in Mainland China, Hong Kong, Macao and Singapore.

DESCENTE

With over 80 years of brand legacy, DESCENTE upholds the design driven sporting spirit of "DESIGN THAT MOVES", combining innovative technology with design aesthetics. Since late 2016, we have independently operated and engaged in the design, sale and operation of products bearing the "DESCENTE" trademark in Mainland China, focusing on high-end and high-quality professional sportswear product series, including skiing, running, cross-training, golf and women's fitness, among others. With years of constant work and dedication, DESCENTE swiftly built its influence in the Mainland China market, catching the attention of core consumers who pursue unique high-tech materials and exquisite craftsmanship.

During the financial year, DESCENTE continued its partnership with internationally renowned movie star Daniel Wu, to promote various series including the TRAINING, RUNNING, ALLTERRAIN, DUALIS, and SKI series. In terms of product offerings, DESCENTE continued to introduce new product series. As well as working with Japanese brand ZUCCa and Italian brand Vespa to launch crossover series, DESCENTE also launched the crossover series with LAMBORGHINI, a luxury car brand, to strengthen the product line. Following the growth in China golf market, DESCENTE launched the DESCENTE GOLF series exerting the effort continually, and invited Li Haotong, the first Chinese player to enter the Top 50 Golf player in the world, as the brand ambassador for two consecutive years, presenting the professionalism of golf. Focusing on the fast-growing winter sports market and seizing the chance to innovate as new products, DESCENTE teamed up with William Chan, a Chinese actor, and launched winter sports marketing campaigns. DESCENTE and Atomic, a renowned winter sports brand under Amer Group, launched "DESCENTE X ATOMIC" crossover skiing collections, demonstrating the brand's consistent pursuit of "Precision", as well as creating the ultimate experience with charming appeal to ski enthusiasts. With an aim to encourage the public to engage in skiing and promote its culture, during the financial year, DESCENTE held "Precision Press Conference" in Genting Snow Park, and held more than 50 online and offline social media campaigns and lessons for D-MOVERs, inviting all skiing lovers embracing adventure and fun in skiing with DESCENTE.

DESCENTE has expanded its store footprint, opening its experience center in Beijing in 2021. With skiing a crucial component in the brand's history, the experience center's design was inspired by ice and snow, allowing consumers to experience the allure of winter sports. As of 31 December 2021, there were 182 DESCENTE stores in Mainland China, Hong Kong and Macao.

DESCENTE

KOLON SPORT

Ever since it was established in 1973, KOLON SPORT has strived to develop itself as a premium outdoor lifestyle brand, integrating the fashionable design and functional inspiration. KOLON SPORT not only fulfilled the functional demands of consumers, but also broke the boundaries between urban and outdoor through fashionable and aggressive design and clipping. In order to seize opportunities in the outdoor sports market, KOLON SPORT has enhanced the consumer experience through product innovation, integrated marketing and continuous upgrades of its retail image.

During the financial year, KOLON SPORT engaged renowned Chinese actress Liu Shishi as the official brand endorser. She worked alongside Chen Kun, a famous Chinese actor, to interpret the high-end outdoor lifestyle of "YOUR BEST WAY TO NATURE" and encourage the public to step outdoors to discover their inner self in nature, enjoy nature joyfully, and experience a light outdoor lifestyle.

KOLON SPORT's SECO series with POLO and basic T-shirts were introduced into the market and applied soft and comfortable fabric, which were effectively durable and easy to take care of, as well as providing protection against ultraviolet damage. The UTILITY-PAC walker windbreaker series was also introduced into the market during the financial year, which used lightweight and easy-to-carry fabrics and looked appealing to Chinese consumers. ANTARCTICA LITE down jacket was also launched during the financial year. Produced with advanced cold-proof fabric with breathable and temperature-locking features, coupled with a high-quality goose down filling, the ANTARCTICA LITE down jacket has outstanding cold resistance capability.

KOLON SPORT teamed up with Salomon to launch dawn XT-6 shoes, a special crossover edition. The shoes combined KOLON SPORT's outdoor culture and Salomon's excellent mountaineering protection performance to bring more practical and safe gear to light outdoor activity lovers. The Contagrip outsole of the shoes showcased Salomon's classic sawtooth design, which was suitable for a variety of outdoor environments and enhances grip, durability, and slip resistance. KOLON SPORT also worked together with POLIQUANT, a newly established Japanese designer brand, to launch a series of crossover products for seasonal items for the fall and winter, such as jackets and down jackets. KOLON SPORT used the base design of two classic items, LIFE TECH and ANTARCTICA LITE, and combined them with the superb functional design skills iconic of POLIQUANT. By doing so, these crossover products deconstruct the typical design of traditional outdoor clothing and create trendy and comfortable outdoor clothing without losing focus on functionality.

In terms of marketing, KOLON SPORT launched "KOLON Road Lab" in Shanghai in March, where participants set up camp at the event site with their friends and family. Apart from camping, the participants enjoyed campfires, frisbee throwing and sailing at the event. Additionally, KOLON SPORT held a product launch event for the KOLON SPORT X POLIQUANT series of crossover products in Shanghai, Beijing and Wuhan.

We are confident that with the rise of the middle class and the millennial generation, as well as the rising trend of outdoor sports, KOLON SPORT will continue to expand its footprint strategically in high-end shopping malls and e-commerce platforms, becoming one of the growth drivers in the Group. As of 31 December 2021, there were 152 KOLON SPORT stores in Mainland China.

KOLON SPORT

Supply Chain Management

The Pandemic in 2021 continued to be unpredictable, resulting in an evolving economy. Under the challenges of delivery, quality and cost, our supply chain built a management model with global multi-brand operational excellence. The supply chain took the procurement platform as the core, focused on the core strategies of each brand, and established different procurement models and strategies to meet the differentiation of different brands. In addition, we proposed innovations in technical processes, automation, and organizational models to continuously improve the innovation capabilities of the supply chain. During the financial year, through cooperation with Tsinghua University, scientific research institutions etc., we brought together global quality strategic suppliers, and established partnerships with international leading material and chemical suppliers to build an innovative platform that can integrate internal and external parties.

In terms of efficiency upgrades, we have launched a digital supply chain system, with the help of Internet of Things, digitalization and intelligent construction, aiming to exchange the data directly with all parties in the value chain including suppliers, brands, distributors, retail stores and consumers, to better integrate supply chain business with data and build up decision-marking business model based on big data. Through digitalization, we have enhanced our O2O model to ensure integration of online and offline inventory. Moreover, we have accelerated the product distribution process, reduced operating costs and maximized inventory efficiency, leading to a more effective cost management and maximizing the development of brands.

The development of suppliers needs to be aligned with us to support our high efficiency

of operation. We assess suppliers in many aspects when it comes to our selection process, including reputation, capital and environmental protection. We also ensure that their capabilities in R&D, production management, corporate social responsibility and quality management systems can reach industry standards, including ISO international standards. The "QC Standards Management Measures" was also developed to assist our suppliers' sustainable development. By standardizing the training agenda and operational standards of our suppliers, we aim to help them maintain an excellent and stable high-quality production. Apart from maintaining close communication with suppliers, we also host training and annual meetings with them to share our plans and discuss trends within the industry. During the financial year, we signed with strategic suppliers who are strong leaders within the industry, and they would continue to cooperate with various brands to launch top-quality and high-standard products, in order to meet our demands from R&D capability, material assurance, quality assurance, talent recruitment, digitalization and intelligence.

By strategically combining both in-house and outsourced productions, we have been able to better respond to market conditions and changes in consumer preferences. To enhance flexibility in replenishing orders and maintain our cost competitiveness, the efficiency of our production process has been further optimized. During the financial year, ANTA's self-produced footwear and apparel accounted for 25.5% and 9.7% respectively out of our total sold quantities (2020: 27.2% and 12.4%). FILA's self-produced footwear and apparel accounted for 21.5% and 3.6% out of our total sold quantities (2020: 28.0% and 3.7%).

Product Management

Our key to product differentiation has been technological innovation, original design and product safety. By continuously investing in product innovation, we believe that we can achieve technological breakthroughs and to ensure sustainable and healthy growth of our business.

ANTA launched its first Innovation Technology Conference during the financial year through a live webcast utilizing AR virtual technology, under the theme "Innovative Move for the Future". The event not only demonstrated how ANTA was focusing on the professional sportswear segment and was continuously empowering it with innovative technology, but also demonstrated ANTA's determination to lead the Chinese sportswear sector as it strived to establish an application platform with the latest technology to drive development in the industry. In addition, ANTA established "Tsinghua University-ANTA (China) Co., Ltd Joint Research Center for Sports Fashion" with Tsinghua University during the financial year, with the aim to achieve breakthroughs in the future development of the sportswear industry and help Chinese sports brands drive growth and achieve global recognition via the integration of innovation in sports technology R&D and market transformation.

To better capitalize on the increasing spending power of Generation Z, we set up a sports science laboratory in Jinjiang, China. We targeted at gaining a better understanding of the younger demographic in order to drive our market growth. Consisting of talented designers from around the world, including the US, Japan, Korea, etc., we focus on enhancing the R&D of sportswear products.

In this highly competitive industry, the key to strengthening market share is to design and manufacture comfortable, safe and high-quality sportswear products for consumers. We strive to maintain a high quality of production management and quality control systems that are in line with industry standards. Our business partners are selected through an extensive set of evaluation criteria, we monitor the operation through regular on-site inspections and performance management, and all our partners are required to acquire certifications in manufacturing and quality management systems, thus attaining ISO international standards. We also look for suppliers who already have an established R&D laboratory which can co-develop new materials for innovative products.

With our dedication to providing high quality products, we strictly control the quality standard of all our products, to ensure we deliver perfect products to consumers. If products with quality or safety defects are discovered after shipment, we will strictly follow the "Product Recall Management Policy" to recall the products and ensure that they are handled properly, significantly reducing the negative impact of selling defective products.

E-commerce Business and Digitalization

With the Pandemic profoundly changing consumer habits and consumption trends, we have seen a rapid growth of e-commerce business across the world. During the financial year, we continued to invest more in the e-commerce business and digital transformation. Our e-commerce business achieved significant growth by stepping up efforts on membership value, official e-commerce stores, customer targeting at bigger stores and the traffic of public domain to private traffic transformation. During the financial year, the e-commerce business contributed 29% (2020: 26%) of the overall revenue to the Group and increased by 50% as compared with 2020 in terms of absolute amount, maintained a strong growth despite last year's high base effects. During several e-commerce events such as the "6•18" and "Double 11" Shopping Festival, our brands achieved outstanding results in various online platforms.

During the financial year, we continued to optimize e-commerce business and operation standard of each brand by strengthening the operations of our official e-commerce stores, O2O model and delivery efficiency, to enhance consumer experiences. In order to have a better understanding on the characteristics of the consumers and build their loyalty via marketing activities, we continued to optimize our membership system through a variety of member activities and upgraded our digitalized operation platform. We also have a new department named Consumer Characteristics Department which is responsible for categorizing the characteristics of consumers. Meanwhile, in addition to expanding our own e-commerce stores, we continued to utilize the traditional e-commerce platforms including T-mall, JD.com, Pinduoduo and VIP.com. We also have fine-tuned the mix of the exclusive online products and in-season products among various e-commerce channels according to the features of the channels to optimize the merchandise selection mechanism.

E-commerce business is not only about sales channels, but also provides a platform for brands to connect and interact with consumers. We made the most of social media platforms to drive more traffic to official online store through a series of marketing events and content seeding, in order to reallocate the best quality resource to different marketing activities. On the other hand, we led the traffic from public domain to private domain and official e-commerce store through the recommendation by Key Opinion Leaders on TikTok, bilibili and Xiaohongshu, driving our sales volume and enhancing the synergy of O2O model. In the meantime, we utilized data analysis and data driven approach, capturing the attention of consumer successfully through very competitive products and effective marketing approach.

Our digitalization project has also enhanced our intelligent inventory replenishment system by improving the flexibility of our supply chain and quickening response time for brands, allowing us to replenish the online stores with the best-selling products on a timely manner and better monitor in-store inventory levels. In order to provide a more comprehensive solution for O2O model, we continuously improve the service quality and efficiency of logistics. During the financial year, we continued to expand a retail logistics network combined with regional warehouses and cloud warehouses, and unified the operation standards of each warehouse. Through the fully operations of Southern China warehouses and Southwestern China warehouses, supported by digital tools, we increased the number of direct distribution stores so as to enhance the efficiency. In addition, the second phase of the logistics center also laid the foundation stone during the financial year, which will improve delivery efficiency and accelerate e-commerce business.

Human Resources Management

The cornerstone of our success is the joint efforts, safety and well-being of our employees, which are crucial to our operational efficiency and corporate reputation. We also have a distinctive organizational structure that facilitates most of the training and development of our employees, allowing them to make contributions based on their strengths. To ensure our steady and progressive long-term development, we are devoted to abiding by all relevant rules and regulations, and pride ourselves on a safe and welcoming work environment. We also strive to establish businesses that benefit both employees and employers, as well as encouraging our employees to uncover their own sense of self-worth.

We value the safety of our employees. Since the outbreak of the Pandemic, protecting our employees against infection has been our top priority. We have been staying alert on the latest developments of the Pandemic and have implemented a variety of disease prevention measures based on government and expert recommendations. All employees have suitable Pandemic prevention equipment in place and must follow our stringent work guidelines to ensure minimum exposure to the risk of infection.

Furthermore, our employees are generally rewarded with remuneration more competitive than our peers. We strive to promote a positive culture, and maintain good communication with the employees. We also encourage employees to uphold the spirits of learning from the leaders and "Benchmarking with High Standard" in order to unlock their potential. To strengthen our employees' abilities, we also give appropriate skill training based on the needs of various roles. We conduct work assessments with employees on a regular basis to ensure they can master the required skills. We think highly of work-life balance and our employee's family needs, and hence we try our best to help employees manage their work and personal lives in a more fulfilling way. As of 31 December 2021, we had approximately 52,000 employees (2020: 41,000 employees).

Daniel Wu,
An internationally renowned movie star


PROFIT ATTRIBUTABLE
TO EQUITY SHAREHOLDERS
+50%
TO RMB 7.7 BILLION

Internal Management

Legal Compliance

Based on the best knowledge of Directors and management, we are not aware of any non-compliance of laws or regulations which will have a significant impact on the Group.

Relationship with Stakeholders

Good corporate governance mechanisms help build stable relationships with our suppliers, distributors, franchisees, customers, shareholders and other stakeholders. Through various communication methods, we collect opinions and advices from stakeholders, which provide considerable benefits to our business. Maintaining relationship with our stakeholders is not only a valuable intangible asset to us, but also helps all parties to comply with our code of business ethics, achieving win-win outcomes.

Our Existing Environmental Protection Measures

We understand that the environment has a long lasting impact on our future development. Meanwhile, we have undertaken several measures like upgrading facilities and adopting clean energy as well as improving our administrative management. For example, factories are encouraged to utilize energy-saving lightings and standardize the use of air conditioning to reduce energy consumption and carbon emission. Besides complying with relevant environmental laws and regulations, we launched "ANTA Grand Forum" to serve as a communication platform for employees to share and exchange their ideas on environmental protection. More importantly, we continue to strengthen our product innovation capability by actively exploring eco-friendly materials for our products series.

Principal Risks and Uncertainties Facing the Group

Foreign Exchange Risk

While most of the Group's businesses are denominated in RMB, offshore businesses are denominated in other currencies, which could result in other currencies payments, receipts and balances with debtors and creditors. Currently, the RMB is a managed floating currency which is adjusted by reference to a basket of global currencies. The conversion rates of RMB into other currencies are subject to market fluctuations and are impacted by global economy and political conditions. Changes in foreign exchange rates affect the value of the Group's assets, debts, income and expenses which are denominated in other currencies, leading to impacts to the Group's financial position and performance.

Operational Risks

Risks under Intensified Market Competition

Increasingly tensed competition in the domestic sportswear industry could be reflected by the expanding scale and continuous concentration of the industry, and the rapid expansion of international clothing brands across China. The nature of this competition has shifted from a focus on quantity and price to new attributes such as state-of-the-art technology and value-added products. Although we have maintained our dominant position in the China sportswear market, we acknowledge that further intensified market competition may impact our future revenue and profitability to a certain degree.

Risks from Counterfeit Brands

Brand is a key consideration that consumers take into account when buying sportswear products. There are a number of unscrupulous manufacturers that counterfeit well-known brands and have illegal sales, which has an adverse impact on the brands they replicate. As our brands and sportswear products are well-regarded in the domestic market, we have proactively adopted a number of different safeguards to protect our self-owned intellectual property rights, but it is difficult to identify every infringement of our brands immediately. If our products were counterfeited on a mass scale in the future, there would be an adverse impact on our brand image and profitability.

Production Safety Risk

Due to the particularity of the sporting goods, fire prevention of manufacturing facilities is especially important. The glue used in the production process and semi-finished products and finished products are flammable, and fire would affect production directly and cause an adverse impact to our operations.

Risks of Channel Costs Increase

We adopt a hybrid business model combining wholesale and retail to sell our products. Should retail shop rents and staff costs increase, profitability of the Group, distributors and franchisees would be reduced.

Product Development Risks

We focus on the branded sportswear business and our customers seek for functional and fashionable products. Consumer preferences for fabrics and clothing styles change at a rapid pace and our ability to adapt to these preferences will affect the sales performance.

Risks Caused by Economic Cycle Volatility and Weakened Downstream Demand

The sportswear industry is vulnerable to volatile economic cycles. A downturn in domestic and international economies weakened the retail market environment and forced consumers to spend less, which led the traditional apparel industry to be generally weaker with lower sales. If volatile economic cycle persists and leads to continued sluggish downstream consumer demand, it would have an adverse impact on our operations.

Risks of Cross-region Operation

In different regional markets, various consumer groups' purchasing power and consuming preference are different. Currently, the Group's business locates in multiple areas in China as well as some overseas markets. Moreover, the Group's business is also under fast, steady and healthy development. The cross-region operation and business development brings in higher requirements on the Group's existing organizational structure and managerial system. Therefore, potential internal management risks could exist.

Force Majeure Risks

In case of an uncontrollable change of external market and environment (for instance, a potential natural disaster, an epidemic of category A or category B infectious diseases with provincial level impact, as well as political and economic issues in China and foreign countries), the Group may not be able to raise sufficient capital. This could possibly affect the sufficient repayment for all borrowings on time.

Management Risk

Subsidiaries Management Risk

Over the years, the Group has conducted strict management and control of its subsidiaries and branch companies in various aspects, including manufacturing, operation, sales, human resources, finance etc. However, the fast development of the Group's businesses and the continuous expansion of its asset scale bring in higher requirements on the Group's organizational structure and managerial system. This has increased the difficulties to a certain degree in terms of the Group's organizational coordination and operational management. Therefore, potential internal management risks could exist.

Risks of Brand Reputation

Although the Group has established a complete internal control system as well as product quality and safety management system, in order to facilitate risk and product quality controls across the full process. However, there are various factors affecting the product quality. Any mismanagement or loopholes in the process of quality monitoring and procedure control could lead to product quality problems that might not satisfy consumer's need. In this case, the Group's brand image, product sales and operational results could be adversely affected.

Supplier Management Risks

Despite our strict selection mechanisms and quality control system towards suppliers, our business may be affected by numerous factors relating to our suppliers, including the quality of raw materials provided, the timing of product deliveries, transportation capabilities and management capabilities, among others. Cases where the quality of raw materials fails to meet our standards; quality inspection departments are not able to identify defective products in time; products are not delivered on time, to the right location or in the right quantity; and products are lost or damaged during delivery, would all have adverse impacts on our operations. Furthermore, our operation will also be adversely affected by suppliers' liquidity problem or credit deterioration.

Risks from Talent Shortage and Loss of Talent

The branding of sportswear industry, the digitalization upgrade and the optimization of supply chain require many talents who specialize in brand management, product planning, product design, information management and supply chain management. However, there is a shortage of relevant professional talents in China, and a large scale loss of those kinds of talents in the future would adversely impact our operations.

Risks from Logistic Management

We primarily rely on third-party logistics companies to transport our products, and because there are a number of logistics companies that we work with, we face challenges in logistic management. If there are any negligence or mistakes by any logistics companies, resulting in any delay or defect on supply of certain products, our operations would be adversely affected. Should any accidents occur, such as traffic accidents, natural disasters or strikes, among other issues, the supply of our products may be temporarily interrupted, meaning that we would not be able to deliver products to our customers, stores, distributors and franchisees in time. This would have an adverse impact on our operations.

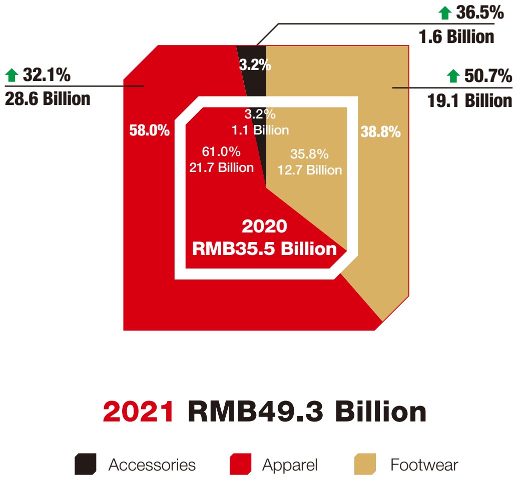
FINANCIAL REVIEW

Revenue

Breakdown by Product Category

The following table sets out the Group's revenue by product category for the financial year:

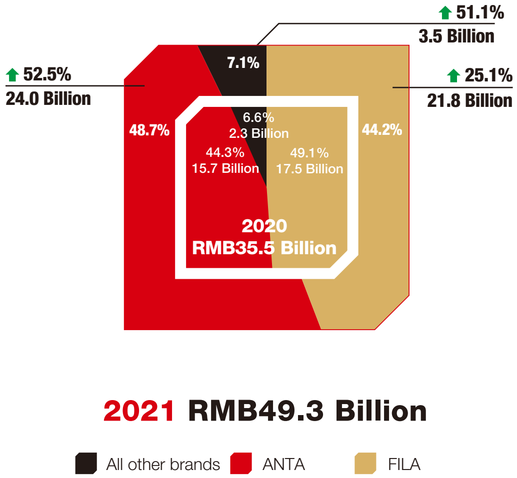
	Year ended 31 December				
	2021		2020		Changes
	(RMB million)	(% of Revenue)	(RMB million)	(% of Revenue)	(%)
Footwear	19,139	38.8	12,700	35.8	↑ 50.7
Apparel	28,632	58.0	21,671	61.0	↑ 32.1
Accessories	1,557	3.2	1,141	3.2	↑ 36.5
Overall	**49,328**	**100.0**	35,512	100.0	↑ 38.9



Breakdown by Segment

The following table sets out the Group's revenue by segment for the financial year:

	Year ended 31 December				
	2021		2020		Changes
	(RMB million)	(% of Revenue)	(RMB million)	(% of Revenue)	(%)
ANTA	24,012	48.7	15,749	44.3	↑ 52.5
FILA	21,822	44.2	17,450	49.1	↑ 25.1
All other brands	3,494	7.1	2,313	6.6	↑ 51.1
Overall	**49,328**	**100.0**	35,512	100.0	↑ 38.9



During the financial year, the Group's revenue increased by 38.9% as compared with 2020 to RMB49,328 million (2020: RMB35,512 million). In 2020, sales of the Group was affected by the Pandemic. During the financial year, as the impact of the Pandemic to the retail market in Mainland China has largely reduced, revenue of ANTA segment, FILA segment and other brands recorded a strong rebound as compared with 2020.

ANTA segment contributed 48.7% of the overall revenue to the Group. The segment revenue increased by 52.5% as compared with 2020 to RMB24,012 million (2020: RMB15,749 million). The growth in ANTA segment revenue was mainly attributable to (i) growth of e-commerce business; and (ii) increase in revenue as a result of the 2021 full year impact of the DTC model adopted in the second half of 2020; and (iii) better Mainland China retail market performance of the brand with more customer demand and less retail discount as a result of the recovery from the Pandemic.

The following table sets out the ANTA segment's revenue by business model for the financial year:

	Year ended 31 December				
	2021		2020		**Changes**
	(RMB million)	**(% of Revenue)**	(RMB million)	(% of Revenue)	(%)
DTC	**8,554**	**35.6**	1,463	9.3	↑484.7
E-commerce	**8,221**	**34.2**	5,088	32.3	↑61.6
Traditional wholesale and others	**7,237**	**30.2**	9,198	58.4	↓21.3
Total	**24,012**	**100.0**	15,749	100.0	↑52.5

FILA segment contributed 44.2% of the overall revenue to the Group. The segment revenue increased by 25.1% as compared with 2020 to RMB21,822 million (2020: RMB17,450 million). The growth of FILA segment revenue was mainly attributable to (i) growth of e-commerce business; and (ii) better Mainland China retail market performance of the brand with more customer demand and less retail discount as a result of the recovery from the Pandemic.

Revenue of all other brands increased by 51.1% as compared with 2020 to RMB3,494 million (2020: RMB2,313 million). The growth was driven by the businesses of DESCENTE and KOLON SPORT.

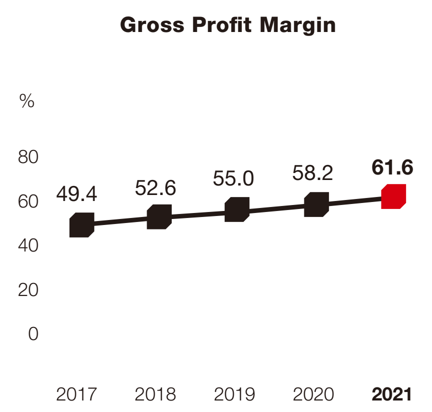
The e-commerce contributed 29% (2020: 26%) of the overall revenue to the Group, and increased by 50% as compared with 2020 in terms of absolute amount. The growth was contributed by enhancement in channel mix of the traditional e-commerce platforms (including T-mall, JD.com, Pinduoduo and VIP.com) and expansion of social media e-commerce channels.

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				
	2021		2020		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
Footwear	**11,106**	**58.0**	6,768	53.3	↑ 4.7
Apparel	**18,404**	**64.3**	13,262	61.2	↑ 3.1
Accessories	**894**	**57.4**	621	54.4	↑ 3.0
Overall	**30,404**	**61.6**	20,651	58.2	↑ 3.4



Breakdown by Segment

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

	Year ended 31 December				
	2021		2020		**Changes**
	Gross profit (RMB million)	**Gross profit margin (%)**	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin (% point)
ANTA	**12,528**	**52.2**	7,035	44.7	↑ 7.5
FILA	**15,394**	**70.5**	12,092	69.3	↑ 1.2
All other brands	**2,482**	**71.0**	1,524	65.9	↑ 5.1
Overall	**30,404**	**61.6**	20,651	58.2	↑ 3.4

During the financial year, the Group's overall gross profit margin increased by 3.4% point as compared with 2020 to 61.6% (2020: 58.2%). The increase in overall gross profit margin was contributed by all brands as a result of the recovery from the Pandemic in the Mainland China.

ANTA segment gross profit margin increased by 7.5% point as compared with 2020 to 52.2% (2020: 44.7%). The increase in gross profit margin was mainly attributable to (i) relatively higher business gross profit margin under the DTC model; and (ii) better retail discount condition at store and e-commerce levels as a result of the recovery from the Pandemic in the Mainland China.

FILA segment gross profit margin increased by 1.2% point as compared with 2020 to 70.5% (2020: 69.3%). The increase in gross profit margin was mainly attributable to better retail discount condition at store and e-commerce levels as a result of the recovery from the Pandemic in the Mainland China.

Other Net Income

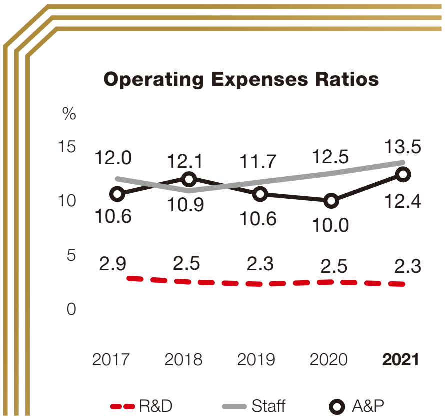
Other net income for the financial year amounted to RMB1,266 million (2020: RMB1,389 million), which mainly comprised of government grants of RMB1,166 million (2020: RMB1,286 million). The government grants were provided to the Group in recognition of its contribution towards the local economic development.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue increased by 2.4% point for the financial year in spite of the notable growth in overall revenue. More expenditures in advertising and promotional activities (including those for the Tokyo 2020 Olympic Summer Games held in 2021 and FILA high-end advertisements and brand building activities) were incurred during the financial year. The ratio of staff costs to revenue increased by 1.0% point in spite of the notable growth in overall revenue. The increase was caused by the increase in staff headcount as a result of the DTC model transformation for ANTA business and expansion of retail business of FILA and other brands leading to an increase in overall staff costs. The ratio of R&D costs to revenue decreased by 0.2% point due to the notable growth in overall revenue, in fact there was an increase in expenditure in terms of absolute amount, reflecting the fact that the Group continues to enhance its overall R&D capability.

Write-down of Inventories

Inventories are stated at cost or net realizable value, whichever is lower. In the event that net realizable value falls below cost, the difference is taken as write-down of inventories and charged to profit or loss. During the financial year, write-down of inventories amounting to RMB75 million was charged to profit or loss (2020: RMB172 million). The decrease in write-down of inventories reflected the better Mainland China retail conditions of the brands under the Group as a result of the recovery from the Pandemic.



Impairment Loss for Trade Receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses ("ECLs"). ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions. During the financial year, reversal of impairment loss of trade receivables amounting to RMB22 million was credited to profit or loss (2020: impairment loss of trade receivables amounting to RMB6 million was charged to profit or loss). The flexibility on credit period provided to distributors in 2020 was gradually reduced after the Pandemic. As such, the ECLs on trade receivables as at the end of the financial year decreased as compared with the same as at 31 December 2020, resulting in the reversal of impairment.

Operating Profit and Operating Profit Margin

The following table sets out the operating profit and operating profit margin by segment for the financial year:

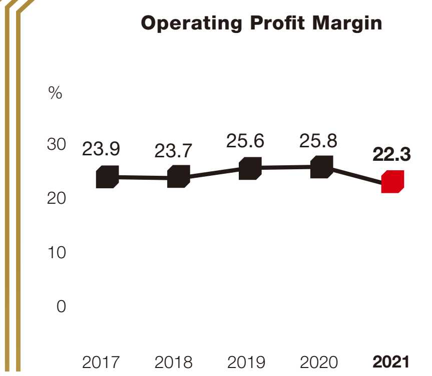
	Year ended 31 December				
	2021		2020		**Changes**
	Operating profit (RMB million)	**Operating profit margin (%)**	Operating profit (RMB million)	Operating profit margin (%)	Operating profit margin (% point)
ANTA	**5,145**	**21.4**	4,527	28.7	↓ 7.3
FILA	**5,339**	**24.5**	4,494	25.8	↓ 1.3
All other brands	**644**	**18.4**	195	8.4	↑ 10.0
	11,128	**22.6**	9,216	26.0	↓ 3.4
Headquarter and unallocated items	**(139)**	**N/A**	(64)	N/A	N/A
Overall	**10,989**	**22.3**	9,152	25.8	↓ 3.5

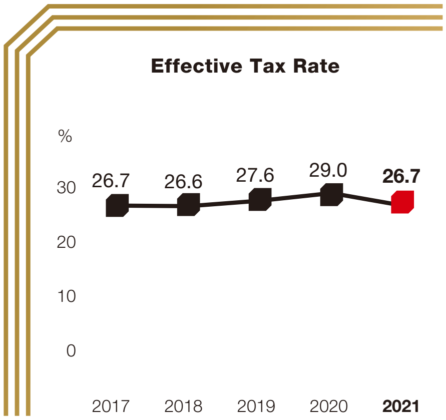
Remarks: Certain classifications have been changed to reflect the change of information reported internally to the chief operating decision markers. Certain comparative figures have been restated to conform to the current year's presentation.

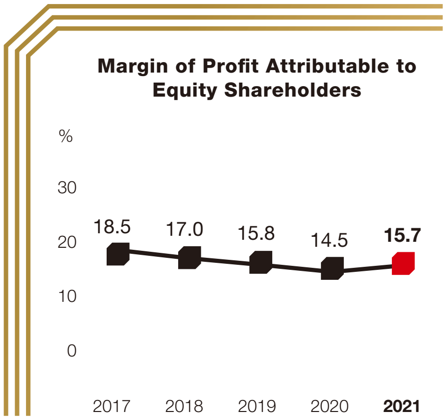
During the financial year, the Group's overall operating profit margin decreased by 3.5% point as compared with 2020 to 22.3% (2020: 25.8%). The decrease in overall operating profit margin was mainly attributable to the increase in operating expenses to revenue ratio as a result of (i) the adoption of DTC model in the second half of 2020 with store level lease expenses and staff costs increased for ANTA business; and (ii) the increase in overall advertising and promotional expenses; while the decrease was partially offset by the (i) 3.4% point increase in overall gross profit margin of the Group; and (ii) better operating efficiency arising from the relatively faster expansion of retail business.

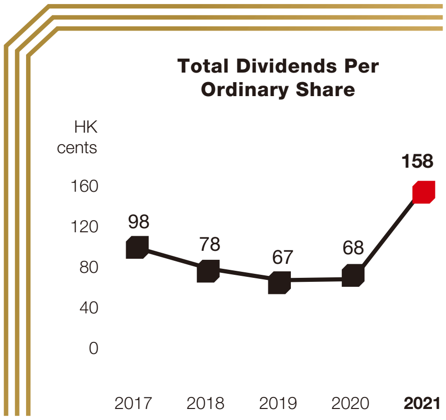
ANTA segment operating profit margin decreased by 7.3% point as compared with 2020 to 21.4% (2020: 28.7%). The decrease in operating profit margin was mainly attributable to, among others, (i) increase in operating expenses to revenue ratio after the adoption of DTC model in the second half of 2020 with store level lease expenses and staff costs increased; (ii) more advertising and promotional activities during the financial year; and (iii) more expenditures incurred under ANTA "Lead to Win" acceleration plan; while the decrease was partially offset by the 7.5% point increase in gross profit margin.

FILA segment operating profit margin decreased by 1.3% point as compared with 2020 to 24.5% (2020: 25.8%). The decrease in operating profit margin was mainly attributable to increase in advertising and promotional expenses and other related expenditures for high-end advertisements and brand building activities (including celebrities endorsements and collaborations with high-end brands); while the decrease was partially offset by 1.2% point increase in gross profit margin.









Net Finance Income

Total interest income for the financial year amounted to RMB392 million (2020: RMB271 million). The increase was mainly driven by the increase in average bank deposits balances as compared with 2020, reflecting the Group's effective treasury management.

Total interest expense (excluding interest expense on lease liabilities) amounted to RMB238 million (2020: RMB263 million) for the financial year. The decrease was mainly driven by the net repayment of bank loans.

Interest expense on lease liabilities under applicable financial reporting standards amounting to RMB205 million was incurred during the financial year (2020: RMB144 million).

Effective Tax Rate

Effective tax rate (excluding the effect of share of loss of a joint venture) was 26.7% for the financial year (2020: 29.0%). The ratio returned back to normal level after the recovery from the Pandemic in the Mainland China.

Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders increased by 1.2% point to 15.7% for the financial year. It was mainly attributable to (i) increase in net finance income; (ii) decrease in share of loss of a joint venture; and (iii) decrease in effective tax rate; while the increase was partially offset by 3.5% point decrease in operating profit margin.

Dividends

On 30 December 2021, the Board declared a special interim dividend of HK30 cents per ordinary share in respect of the financial year, which was paid on 25 January 2022.

The Board has recommended payment of a final dividend of HK68 cents per ordinary share in respect of the financial year, together with payments of interim dividend of HK60 cents per ordinary share and special interim dividend of HK30 cents per ordinary share, representing a total payout of RMB3,524 million (2020: RMB1,555 million), or a distribution of 45.6% (2020: 30.1%) of the current year's profit attributable to equity shareholders. The recommended final dividend is subject to the approval by shareholders of the Company at the forthcoming AGM.

Liquidity and Financial Resources

As at 31 December 2021, the cash and cash equivalents of the Group amounted to RMB17,592 million which were mainly denominated in RMB, USD, HKD and EUR, representing an increase of RMB2,269 million as compared with the cash and cash equivalents of RMB15,323 million as at 31 December 2020. This was mainly attributable to:

- Net cash inflow from operating activities amounted to RMB11,861 million, which was more than the profit for the year (excluding the effect of share of loss of a joint venture) and represented healthy cash generation capability of the Group.

	2021 (RMB million)	2020 (RMB million)
Year ended 31 December		
Operating cash inflow	**11,861**	7,458
Capital expenditures	**(1,493)**	(851)
Others	**1**	19
Free cash inflow	**10,369**	6,626
As at 31 December		
Cash and cash equivalents	**17,592**	15,323
Fixed deposits held at bank with maturity over three months	**6,985**	5,023
Pledged deposits	**4**	1
Less: borrowings		
– Bank loans	**(4,218)**	(4,801)
– Bills payable (financing in nature)	**(1,000)**	(1,000)
– Convertible bonds (liability component)	**(6,942)**	(7,610)
– Medium term notes	**(1,013)**	(1,013)
Net cash position	**11,408**	5,923

- Net cash outflow from investing activities amounted to RMB4,669 million, mainly including capital expenditure of RMB1,493 million, net placement of fixed deposits held at banks with maturity over three months of RMB2,102 million, and net payments of other investments of RMB1,131 million.

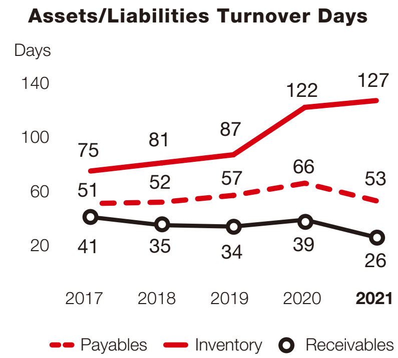
- Net cash outflow from financing activities amounted to RMB4,947 million, mainly including payments of the final dividend in respect of the financial year 2020 and the interim dividend in respect of the financial year amounting to RMB2,411 million, the net repayments of bank loans amounting to RMB196 million, payments of interest expenses on bank loans amounting to RMB71 million, capital contribution by non-controlling interests of subsidiaries amounting to RMB475 million, and payments of lease liabilities amounting to RMB2,637 million.

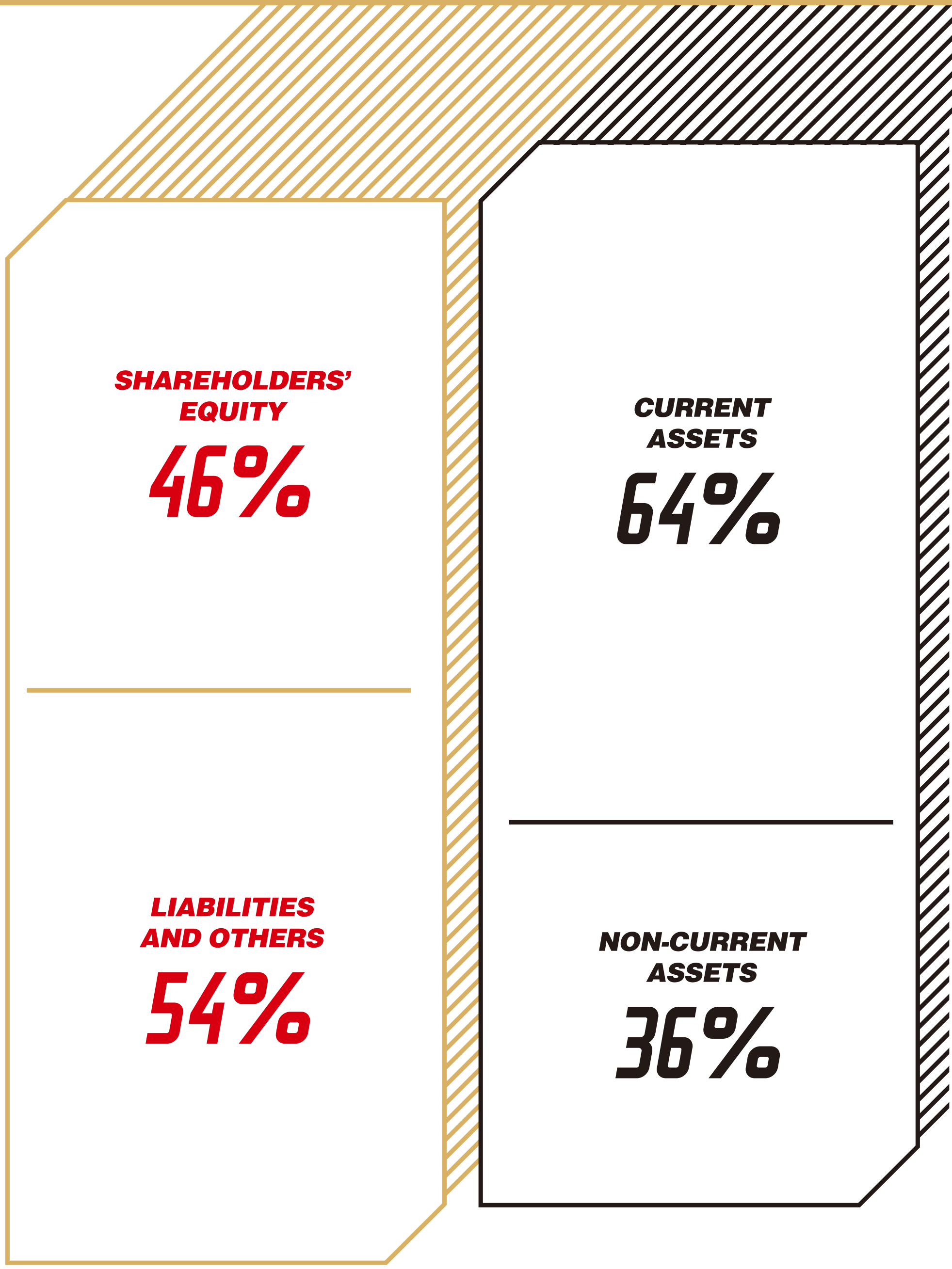
As at 31 December 2021, total assets of the Group amounted to RMB62,668 million, of which current assets were RMB39,902 million. Total liabilities and non-controlling interests were RMB33,745 million and total equity attributable to equity shareholders of the Company amounted to RMB28,923 million.

The Group's gearing ratio was 21.0% as at 31 December 2021 (as at 31 December 2020: 27.8%), being a ratio of total borrowings to total assets. Bank loan were denominated in EUR or USD and measured at amortized cost. 15% of bank loans are at fixed rate and 16% of bank loans are repayable within one year. Bills payable (financing in nature) were bills of exchange denominated at RMB, measured at amortized cost and repayable within 1 year. Convertible bonds (liability component) were denominated in EUR, measured at amortized cost and repayable in 4 years (subject to early redemption provision under the terms and conditions). Medium term notes were denominated in RMB, measured at amortized cost and repayable in 2 years.

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 5 days due to the increased level of retail operations as a result of the DTC model transformation of ANTA business and the expansion of retail business of FILA and other brands. The Group needs to maintain a significant level of inventory to support its daily operations. There was only a slight increase in turnover days reflected the Group's effective inventory management and strong product sell-through condition. The average trade receivables turnover days decreased by 13 days due to the notable growth in overall revenue with the decreased balance of trade receivables as at the end of the financial year as compared with the same as at 31 December 2020, reflecting the Group's effective trade receivable management and success in DTC model transformation. The average trade payables turnover days decreased by 13 days because, given the strong cash flow condition and net cash position, the Group strategically speed up payments to major suppliers to strengthen the relationships.





Strong Financial Position

RMB 62.7 BILLION

Total assets

Pledge of Assets

As at 31 December 2021, the Group had bank deposits of RMB4 million (as at 31 December 2020: RMB1 million) pledged as security for certain contracts.

Financial Management Policies

The Group continues to manage financial risks in a prudent manner and proactively adopts internationally recognized corporate management standards to safeguard the interests of shareholders. As the functional currencies of most of the non-Mainland China entities (other than the joint venture) are HKD and those financial statements in HKD are translated into RMB for reporting and consolidation purposes, foreign exchange differences arising from the translation of such financial statements are directly recognized in equity as a separate reserve. In addition, as the investment in a joint venture (and the related acquisition bank loans) and the convertible bonds (liability component) are denominated in EUR, fluctuations in the exchange rates of the EUR against RMB may have a significant impact to the Group's net assets and total comprehensive income.

Nevertheless, the management actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

Significant Investments and Acquisitions

Investment in a Joint Venture of AS Holding

At 31 December 2021, the Group has an investment in a joint venture of AS Holding.

Amer Sports is wholly-owned by AS Holding and is a sporting goods company with internationally recognized brands including Salomon, Arc'teryx, Peak Performance, Atomic, Wilson, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets. A strategic growth plan was set by the investor consortium for Amer Sports to unlock the full potential of its internationally recognized sportswear and equipment brand, and the Group has strong belief in the future success of Amer Sports.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders. Summarized consolidated financial information of AS Holding, based on the latest available information to the Company and following the accounting policies adopted by the Group, are disclosed below:

	2021 (RMB million)	2020 (RMB million)
Year ended 31 December		
Revenue(Note)	**19,720**	16,704
EBITDA	**2,367**	1,615
Net loss	**(154)**	(1,140)
Other comprehensive income/(loss)	**714**	(554)
Total comprehensive income/(loss)	**560**	(1,694)

Note: *In accordance with the applicable financial reporting standards, the comparative information for the year ended 31 December 2020 in AS Holding's consolidated financial statements has been re-presented to conform to the current year's presentation.*

Earnings before interest, taxes, depreciation and amortization (EBITDA)	**2021 (RMB million)**	2020 (RMB million)
Year ended 31 December		
Net loss	**(154)**	(1,140)
Depreciation and amortization	**1,375**	1,604
Interest income	**(11)**	(7)
Interest expense	**964**	1,073
Income tax expense	**193**	85
EBITDA	**2,367**	1,615

	2021 (RMB million)	2020 (RMB million)
As at 31 December		
Total assets	**50,458**	57,651
Total liabilities	**(33,327)**	(39,324)
Total equity	**17,131**	18,327

During the financial year, EBITDA (on a consolidated basis) of RMB2,367 million on AS Holding were recorded, reflecting the healthy profit generating capability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

At 31 December 2021, the Group effectively held 526,962 shares or 52.70% interest in AS Holding. The carrying amount of the investment in the joint venture was RMB9,027 million, representing 14% of the total assets of the Group.

Disposal of Precor Brand Business by a Joint Venture

On 22 December 2020 (Hong Kong time) (21 December 2020 New York time), Amer Sports and Peloton Interactive, Inc (the "Purchaser") entered into a stock and asset purchase agreement (the "Stock and Asset Purchase Agreement"), pursuant to which Amer Sports has agreed to sell, and the Purchaser has agreed to purchase, (i) 100% of the issued share capital in each of the target companies (and their respective wholly-owned subsidiaries engaging in Precor brand business, collectively "Precor Group"); and (ii) any and all intellectual property related to the business of the Precor Group ("Precor Intellectual Property") for an aggregate consideration of USD420 million (equivalent to approximately RMB2,779 million) in cash, subject to a number of customary adjustments in accordance with the terms and conditions thereof (the "Disposal"). The Purchaser is a company incorporated in Delaware and is listed on the NASDAQ Stock Exchange (NASDAQ code: PTON) and an independent third party to the Company. It is a leading interactive fitness platform principally engaged in the provision of a subscription platform for the streaming of digital fitness and wellness content.

The Board considered that the Disposal and the terms of the Stock and Asset Purchase Agreement, including the consideration, were entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Disposal was completed during the financial year.

For further details of the Disposal, please refer to the announcement of the Company dated 22 December 2020.

Saved as disclosed above, during the financial year, the Group made no significant investment or material acquisition or disposal of subsidiary.

Significant Financing

Zero Coupon EUR1 Billion Convertible Bond Due 2025 Issue

On 5 February 2020, the Group issued zero coupon convertible bonds due 2025 in the aggregate principal amount of EUR1 billion (the "Bond Issue"), which were listed on the Singapore Stock Exchange. The issue price was 100.25% of the principal amount of the convertible bond. The convertible bonds may be converted into ordinary shares of the Company pursuant to its terms and conditions.

As at 31 December 2021, an aggregate principal amount of EUR1 billion of the convertible bonds was outstanding and, based on the applicable conversion price per conversion share of HKD103.68 on that date, would be convertible into 83,396,991 conversion shares.

During the financial year, EUR427 million (equivalent to RMB3,259 million) of the net proceeds from the Bond Issue were used. As at 31 December 2021, the unutilized net proceeds were EUR217 million (equivalent to RMB1,563 million).

For further details for the Bond Issue, please refer to the announcements of the Company dated 14 January 2020 and 5 February 2020.

Saved as disclosed above, during the financial year, the Group made no significant financing.

Intended use of proceeds	Initial intended allocation (EUR million)	Utilized amount for the year ended 31 December 2020 (EUR million)	Unutilized amount as at 31 December 2020 (EUR million)	Utilized amount for the year ended 31 December 2021 (EUR million)	Unutilized amount as at 31 December 2021 (EUR million)	Expected timeline for utilizing the remaining proceeds
Zero Coupon EUR1 Billion Convertible Bond Due 2025						
Refinancing of existing debts	**600**	(358)	242	**(109)**	**133**	Before 31 December 2022
Working capital and other general corporate purposes	**402**	–	402	**(318)**	**84**	Before 31 December 2022
	1,002	(358)	644	**(427)**	**217**	

Capital Commitments, Contingencies and Guarantee

Capital Commitments

As at 31 December 2021, the Group had capital commitments of RMB3,115 million, primarily relating to construction of Shanghai ANTA Center and Group logistic center, and renovation of a new office building in Xiamen and retail stores.

Contingencies

The Group is not involved in any material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Guarantee

A 5-year EUR1,300 million (equivalent to RMB9,366 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2021, Facility A has been fully drawn by AS Holding.

Saved as disclosed above, as at 31 December 2021, the Group did not provide any form of guarantee for any company outside the Group.

PROSPECTS

OPTIMISM AND CONFIDENCE IN LONG-TERM DEVELOPMENT

Looking forward to 2022, the Pandemic is expected to continue spreading globally as the COVID-19 virus continues to mutate. Precautionary measures against the Pandemic have not been relaxed, which will continue to affect global economy. Besides, central banks have begun to tighten their monetary policies in the face of rising inflation, and as geopolitical issues continue to develop, there has been a notable impact on global financial markets and capital flows. However, given the solid foundation of China's economy and large room for policy control, the market generally expects China's economy to maintain growth with stability. As China will adopt a path of high-quality growth in its economy, potential for rapid development remains in the sportswear industry. Factors such as more personalized consumption habits and cultural self-confidence will continue to affect the market composition across the industry, bringing opportunity for domestic brands and more niche brands are expected to emerge.

In an era where opportunities come along with challenges, consumer insights are more important than ever. Thus, we launched a new 10-year Strategies of "Single-Focus, Multi-Brand, Globalization" at the end of 2021. Catering to the diversified needs of consumers and achieving high-quality growth with multi-brand portfolio, we continue to adhere to "Benchmarking with High Standard" and believe the right strategies will drive us to achieve our goals. In order to achieve the No. 1 market share in China by 2025, we will usher in four must-win battles for 2022: A groundbreaking upgrade of ANTA, high-quality growth of FILA, digital transformation of the Group, and enhancement of organizational structure and human resources. In the future, we will integrate the sports spirit of "Going Beyond Oneself" into everyone's daily life, and with a vision "To Become A Leading Multi-brand Sportswear Group In The World". We will uphold our business principle of "Value creation through Mutualism" to create a "Mutualistic Ecosystem", as well as strengthen our talent training and team building for sustainable growth.

HIGH-QUALITY DEVELOPMENT THROUGH "SINGLE-FOCUS, MULTI-BRAND, GLOBALIZATION" STRATEGY

Under our new 10-year Strategies of "Single-Focus, Multi-Brand, Globalization", we are confident that we can create greater value for consumers. In terms of "Single-Focus", we continue to focus on the sportswear industry and consumer value creation, to make every effort to produce quality apparel and footwear. In terms of "Multi-Brand", we cater to different consumer needs through a multi-brand strategy and create diversification of consumer values. We have also established a multi-brand portfolio in the areas of professional sports, fashion sports and outdoor sports, to strengthen and empower a synergistic platform that underpins multi-brand development. As for "Globalization", we create Chinese brands with global footprints and we also unleash the profound growth potential of international brands in the China market. We target globalization in terms of market position, brand portfolio, value chain composition and governance structure. We will strive to be world leaders in the three areas of market share, brand value and technological innovation. We will also continue to strive to be the industry leader in social responsibility and staff development.

As the first growth curve of the Group, ANTA will implement a strategy of "Rooted in and Known for Performance Sport", and "Brand Transformation & Growth", and follow the "Lead to Win" acceleration plan. In 2022, ANTA will continue to focus on the demands of young consumers such as Generation Z, and strengthen the brand's maternity by revitalizing ANTA's Olympics assets and other resources of endorsers. ANTA will continue to drive breakthroughs in core products and optimize product structure to maintain a leading market position. In addition, we will continue to develop the DTC model, speeding up the construction of our core distribution channels and improving efficiency by increasing business mix in the first-to-third-tier cities and increasing the number of stores in shopping malls. FILA as the Group's second growth curve will insist on high-quality growth in 2022, and continue to build top products, top brands and top channels in its established stylish and elegant image. FILA, FILA KIDS and FILA FUSION will continue to aim for growth in both store efficiency and average sales per square meter, building a benchmark for professional sports and pioneering fashion channels through various strategies, such as building multi-stores or megastore in a shopping mall, multi-brand stores, and FILA One store. We will also continue integrating cross-over and overseas design resources to create trend-setting products, and combine them with major brand marketing campaigns to solidify our position as leaders in athletic fashion. With Outdoor Sports Group being the Group's third high-potential growth curve, DESCENTE will capitalize on the increasing popularity of domestic winter sports to enhance its influence in the winter sports and create more high-quality products, establish a high-end retail operation model, and strive to become a high-end, high-quality and professional sports brand. KOLON SPORT will continue to strengthen its high-end positioning through its unique KOLON ROAD LAB, camping festivals and other activities, and will adjust the product structure to launch more distinctive women's products to establish a desirable outdoor lifestyle brand image. In 2022, Amer Sports will continue to strengthen its strategy of big brands, big channels and big markets, especially in softgood, DTC and China. We believe the brands of the ANTA Sports and Amer Sports will continue to provide consumers, sports enthusiasts and professionals athletes around the world with better performance, experiences and satisfaction in equipment, apparel and footwear.

FACILITATING DIGITALIZATION AND CONTROLLING COSTS TO STABILIZE THE SUPPLY CHAIN

In 2022, due to the increasing importance of online sales channels, we will further invest in digitalization, focusing on upgrading our membership system, member services and the operation in different platforms, to improve online and offline retail performance and to achieve diversification in sales platforms. Meanwhile, digitalization will help integrate the omni-channel inventory system, strengthen the replenishment model, strengthen the omni-channel integration of products, and improve product efficiency. The digital supply chain platform, digital logistics network of regional warehouses and cloud warehouses, and the data interoperability across the full value chain will also help us to increase the quantity and efficiency of direct distribution to our stores, and empower our brands to grow and develop more effective cost management and operational efficiency.

By the end of 2022, we expect the total number of ANTA stores (including ANTA KIDS standalone stores) in Mainland China and overseas to be 9,200 to 9,300, and the total number of FILA stores (including FILA KIDS and FILA FUSION standalone stores) in Mainland China, Hong Kong, Macao and Singapore to reach 1,900 to 2,000. DESCENTE is expected to have 190 to 200 stores in Mainland China, Hong Kong and Macao, and KOLON SPORT is expected to have a total of 180 to 190 stores in Mainland China.

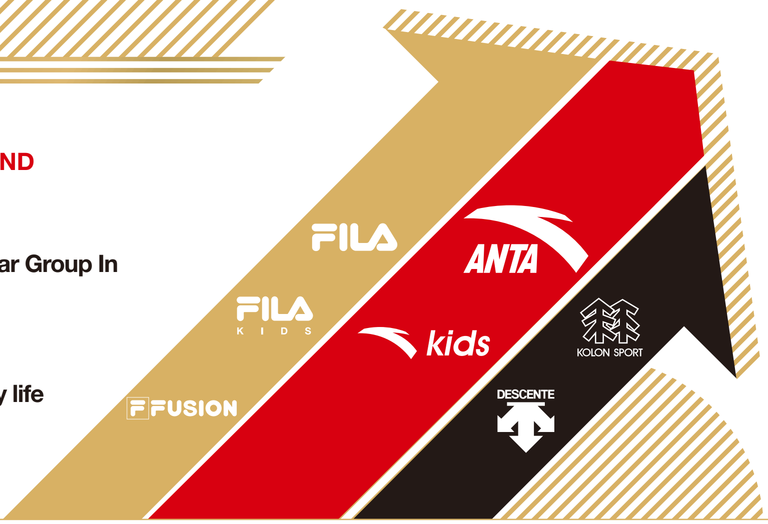
MUTUALISM WITH THE ENVIRONMENT AND COMMUNITY

We continue to focus on the development in areas of ESG, and in the next decade, we will be committed to facilitating mutualism related to stakeholders' interests in four areas: Consumers, Partners, Environment and community, where we will continue to promote sustainable development. For mutualism with consumers, we implemented an "Excellent Operational Capability for Globalized Multi-brand Strategy". For mutualism with partners, we collaborated with the industry chain to facilitate sustainable development, helping employees to thrive. For mutualism with the environment, we promoted the "1+3+5" strategy: ONE "Ultimate Goal" to achieve carbon neutrality by 2050, THREE "Zeros" to achieve zero-landfill of own production waste by 2030; zero use of virgin plastic in our operating facilities, zero carbon emissions from our operating facilities to minimize its operational activities' impact on the environment, and FIVE "50%" to increase the proportion of sustainable products to 50% by 2030; replace 50% of the strategic partners' energy consumption with renewable energy; use sustainable packaging in 50% of products; replace 50% of fuel used for transportation in our own operating facilities with clean fuels; and use recyclable or recycled raw materials in 50% of products. For mutualism with the community, the founder family intends to donate RMB10 billion in cash and shares to establish the "Hemin Foundation". The Foundation is committed to donating RMB2 billion to exclusively fund the national grade A tertiary hospital in Jinjiang – the Shanghai Sixth Fujian Hemin Hospital. For sports development, we will fundraise for the "ANTA Athlete Protection and Development Plan", and also support rural vitalization by cumulatively donating cash and equipment worth over RMB2 billion through the "ANTA Sturdy Growth Charity Project" by 2030. For environmental protection, ANTA will increase investment and work together with the World Wide Fund for Nature and other environmental protection organizations to protect endangered species and promote biodiversity. We hope that this series of actions will demonstrate our confidence in long-term sustainable development.

By 2025, through the multi-brand strategy, we will strive to hold the No. 1 market share in China, and by 2030, strive to achieve global leadership. Regardless of how the external environment changes, our original intention will not change, we will continue to make every effort to produce quality apparel and footwear, while to integrate the sports spirit of "Going Beyond Oneself" into everyone's daily life, and "To Become A Leading Multi-brand Sportswear Group In The World".

ANNOUNCED NEW 10-YEAR STRATEGIES AND PURSUED HIGH-QUALITY GROWTH

- New 10-year Vision:
  To Become A Leading Multi-brand Sportswear Group In The World
- New 10-year Mission:
  To integrate the sports spirit of "Going Beyond Oneself" into everyone's daily life
- New 10-year Strategies:
  Single-focus, Multi-brand, Globalization



WIN THE FOUR MUST-WIN BATTLES: ANTA'S UPGRADE BREAKTHROUGH, FILA'S HIGH-QUALITY GROWTH, THE DIGITAL TRANSFORMATION AND THE ORGANIZATION AND TALENT UPGRADE

- ANTA continued its strategy of "Rooted in & Known for Performance Sport" and "Brand Transformation & Growth", and proceeded "Lead to Win" acceleration plan
- Through its top-quality products, top brands and top channels, FILA upholds its high-quality growth
- Build the images of DESCENTE and KOLON SPORT respectively, which are the high-end, high-quality professional sportswear brand, and the respectable outdoor lifestyle brand
- Insist on three core cultures - "Consumer-oriented, Benchmarking with High Standard, Leading by Example", strengthening talent training management and team development

VALUE CREATION THROUGH MUTUALISM BY MULTI-BRAND STRATEGY

- Mutualism with consumers: Creating top-notch consumer values through multi-brand strategy
- Mutualism with partners: Collaborating with the industry chain to support employees to thrive
- Mutualism with the environment: To achieve carbon neutrality by 2050
- Mutualism with the community: Forming a RMB10 Billion charity foundation by the founder family

DRIVE DIGITALIZATION, FOCUS ON OPTIMIZING THE STORE EFFICIENCY AND PENETRATION OF ONLINE BUSINESS

Target number of stores by the end of 2022:

ANTA and ANTA KIDS:	FILA, FILA KIDS and FILA FUSION:
9,200-9,300	1,900-2,000
DESCENTE:	KOLON SPORT:
190-200	180-190

INVESTORS INFORMATION

SHARE INFORMATION

Listing Day:
10 July 2007

Board lot size:
200 shares

Numbers of shares outstanding:
2,703,329,000 shares
(As at 31 December 2021)

STOCK CODES

The Stock Exchange of Hong Kong
2020

Reuters
2020.HK

Bloomberg
2020HK

MSCI
3741301

DIVIDENDS

HK cents	2017	2018	2019	2020	**2021**
Ordinary interim	41	50	31	21	**60**
Ordinary final	41	28	36	47	**68**
Special interim	–	–	–	–	**30**
Special final	16	–	–	–	**–**

IMPORTANT DATES

22 March 2022	Annual results announcement
11 May 2022	Annual general meeting
16 May 2022 4:30 p.m.	Record date of 2021 final dividend
On or about 26 May 2022	Payment date of 2021 final dividend
31 December 2022	Financial year end date of 2022

IR CONTACTS

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IR website: ir.anta.com Brand website: www.anta.com

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2021.

Principal Place of Business

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has office at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong. The Group's principal place of business is in the PRC.

Principal Activities and Business Review

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16 to the financial statements.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 20 to 59 of the annual report. This discussion forms part of this report of the Directors.

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

Major Customers and Suppliers

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

	2021		2020	
	Percentage of the Group's total		Percentage of the Group's total	
	Sales	**Purchases**	Sales	Purchases
The largest customer	**4.1%**		4.4%	
Five largest customers in aggregate	**7.7%**		10.1%	
The largest supplier		**3.5%**		3.0%
Five largest suppliers in aggregate		**14.5%**		14.2%

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 own more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 10 and 11 of the annual report.

Financial Statements

The financial performance of the Group for the year ended 31 December 2021 and the financial positions of the Company and the Group as at that date are set out in the financial statements on pages 117 to 188 of the annual report.

REPORT OF THE DIRECTORS

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB7,720 million (2020: RMB5,162 million) have been transferred to the reserves. Other movements in reserves are set out in note 27 to the financial statements.

Recommended Dividend

An interim dividend of HK60 cents (2020: HK21 cents) per ordinary share in respect of the year ended 31 December 2021 was paid on 20 September 2021.

A special interim dividend of HK30 cents per ordinary share in respect of the year ended 31 December 2021 (2020: nil) was declared on 30 December 2021 and was paid on 25 January 2022.

The Directors now recommend the payment of a final dividend of HK68 cents (2020: HK47 cents) per ordinary share in respect of the year ended 31 December 2021.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB65 million (2020: RMB32 million).

Non-current Assets

Details of acquisitions and other movements in non-current assets (including property, plant and equipment, right-of-use assets, construction in progress and intangible assets) during the financial year are set out in notes 10 to 14 to the financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2021 are set out in note 21 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the financial year are set out in note 26 to the financial statements.

Equity-Linked Agreements

Save as disclosed in the annual report, no equity-linked agreements were entered into during the financial year or subsisted at the year end.

Purchases, Sales and Redemptions of Listed Securities

During the financial year, no ordinary shares (2020: 7,822,000) in the Company were purchased from the Hong Kong Stock Exchange by the trustee of the Share Award Scheme. For the year ended 31 December 2020, total consideration paid, including all relevant expenses, for such share purchases were RMB464 million.

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) (RC)*
Mr. Ding Shijia *(Deputy Chairman)*
Mr. Lai Shixian *(NC, RMC, SC)*
Mr. Wu Yonghua *(SC)*
Mr. Zheng Jie *(SC)*
Mr. Bi Mingwei (appointment effective from 1 July 2021)

Non-Executive Director

Mr. Wang Wenmo

Independent Non-Executive Directors

Mr. Dai Zhongchuan *(AC, RC, RMC)*
Mr. Yiu Kin Wah Stephen *(AC, NC, RMC, SC)*
Mr. Lai Hin Wing Henry Stephen *(AC, RC, NC, SC)*
Ms. Wang Jiaqian (appointment effective from 1 July 2021) *(AC, RC, RMC, SC)*

AC: Audit Committee
RC: Remuneration Committee
NC: Nomination Committee
RMC: Risk Management Committee
SC: Sustainability Committee

Details of the Directors' biographies have been set out on pages 109 to 111 of the annual report.

Mr. Bi Mingwei has been appointed as an Executive Director by the Board as an addition to the existing Board with effect from 1 July 2021. Mr. Bi is appointed by way of a service agreement with a term of 3 years. In accordance with article 86 of the Company's articles of association, his appointment is subject to retirement and will be eligible for re-election at the next following AGM.

Ms. Wang Jiaqian has been appointed as an Independent Non-Executive Director by the Board as an addition to the existing Board with effect from 1 July 2021. Ms. Wang is appointed by way of a letter of appointment with a term of 3 years. In accordance with article 86 of the Company's articles of association, her appointment is subject to retirement and will be eligible for re-election at the next following AGM.

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

Pursuant to the code provision B.2.3 of the CG Code, any further appointment of independent non-executive director serving more than nine years shall be subject to a separate resolution to be approved by shareholders. Mr. Dai Zhongchuan has been appointed as an Independent Non-Executive Director since April 2009 and has served the Company for more than eleven years. As part of the nomination process, in accordance with the nomination policy of the Company, Nomination Committee has assessed Mr. Dai's role as an Independent Non-Executive Director, taking into account factors including but not limited to Mr. Dai's reputation for integrity, experience, ability to assist the Board, perspectives and skills, and commitment while having due regard to the board diversity policy of the Company. As Mr. Dai has been providing objective and independent views to the Company during his tenure of office, Nomination Committee was of the view that Mr. Dai remains committed to his independent role and that the long service of Mr. Dai would not affect his exercise of independent judgement as an Independent Non-Executive Director.

After taking into account all the factors for assessing independence as set out in Rule 3.13 of the Listing Rules and considering his annual confirmation of independence to the Company and the assessment by Nomination Committee, the Board is of the opinion that Mr. Dai maintains his independence notwithstanding the length of his service and believes that his valuable knowledge and extensive experience continue to generate significant contribution to the Board, the Company and the Shareholders as a whole. The Board further considers Mr. Dai is still capable of bringing a valuable and different perspective and independent judgment to bear on issues of strategy, performance, accountability, key appointments and standards of conduct. During the tenure of office, Mr. Dai had performed his duties as an Independent Non-Executive Director to the satisfaction of the Board.

Accordingly, Nomination Committee made recommendation to the Board, and the Board recommended the Shareholders to vote in favour of the separate ordinary resolution for approving the re-election and the re-appointment of Mr. Dai as an Independent Non-Executive Director at the forthcoming AGM.

Each of the Directors in the Board has entered into a service contract or a letter of appointment (as the case may be) with the Company for a term of 3 years until terminated by giving 3 month's notice in writing thereof by either party to the other.

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

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.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance coverage in respect of potential legal actions against its Directors and officers.

Directors' Interests in Transactions, Arrangements or Contracts

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

Directors' Remuneration

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

Remuneration Committee assists the Board on formulating remuneration policy and determining the emoluments of senior management and the Directors of the Company. Responsibilities and work performed in the financial year by Remuneration Committee are stated on pages 90 to 91 in the Corporate Governance Report.

Arrangements to Purchase Shares or Debentures

Save as disclosed in the annual report, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their close associate (as defined under the Listing Rules) to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

Competing Business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the financial year which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

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.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the financial year or subsisted at the year end.

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

As at 31 December 2021, 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	1,486,946,000(L)[3]	–	55.00%
	Anta International	Founder of a discretionary trust	503,172,690(L)[3]	–	34.06%
	Anta International	Interest in controlled corporation	18,267,273(L)[3]	–	1.24%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,478,500,000(L)[4]	–	54.69%
	Anta International	Founder of a discretionary trust	495,300,570(L)[4]	–	33.52%
Mr. Lai Shixian	Company	Beneficial owner	291,955(L)	–	0.01%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	600,000(L)	0.02%
	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	146,189,463(L)[5]	–	9.89%
	Anta International	Interest in controlled corporation	39,961,734(L)[5]	–	2.70%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	78,136,038(L)[6]	–	5.29%
Mr. Zheng Jie	Company	Beneficial owner	800,000(L)	–	0.03%
Mr. Bi Mingwei	Company	Beneficial owner	88,488(L)	–	0.00%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	180,000(L)	0.01%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	146,170,945(L)[7]	–	9.89%
Mr. Yiu Kin Wah Stephen	Company	Beneficial owner	33,000(L)	–	0.00%
	Company	Other	20,000(L)[8]	–	0.00%

(L) – Long Position

Notes:

(1) As at 31 December 2021, the number of outstanding ordinary shares of the Company and of Anta International were 2,703,329,000 and 1,477,500,000, respectively.

(2) The interests in underlying Shares represent the interests in awarded share granted pursuant to the Share Award Scheme, details of which are set out in the section entitled "Share Award Scheme" below.

(3) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 9,446,000 Shares were directly held by Shine Well (Far East) Limited ("Shine Well"), representing 54.65% and 0.35% of the issued Shares as at 31 December 2021 respectively. Shine Well directly held 503,172,690 shares of Anta International, representing 34.06% of the issued shares of Anta International as at 31 December 2021, and was 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 was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Shine Well was held by Top Bright Assets Limited. The entire issued shares of Top Bright Assets Limited was in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust was 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 Mr. Ding Shizhong and his family members. Mr. Ding Shizhong as founder and one of the beneficiaries of the DSZ Family Trust was deemed to be interested in the total 1,486,946,000 Shares held by Anta International and Shine Well and 503,172,690 shares of Anta International held by Shine Well. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2021, were directly held by Blossom Prospect Limited ("Blossom Prospect"). Mr. Ding Shizhong held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in 18,267,273 shares of Anta International held by Blossom Prospect.

(4) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 1,000,000 Shares were directly held by Talent Trend Investment Limited ("Talent Trend"), representing 54.65% and 0.04% of the issued Shares as at 31 December 2021 respectively. Talent Trend directly held 495,300,570 shares of Anta International, representing 33.52% of the issued shares of Anta International as at 31 December 2021, and was 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 was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Talent Trend was held by Allwealth Assets Limited. The entire issued shares of Allwealth Assets Limited was in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust was 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 Mr. Ding Shijia and his family members. Mr. Ding Shijia as founder and one of the beneficiaries of the DSJ Family Trust was deemed to be interested in the total 1,478,500,000 Shares held by Anta International and Talent Trend and 495,300,570 shares of Anta International held by Talent Trend.

(5) Certain interests of Mr. Lai Shixian in Anta International were held through Gain Speed Holdings Limited, which directly held 146,189,463 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 31 December 2021. The entire issued shares of Gain Speed Holdings Limited was held by Spring Star Assets Limited, which was in turn 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 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 were Mr. Lai Shixian, Ms. Ding Yali and their family members. Ms. Ding Yali as the founder of the DYL Family Trust was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed Holdings Limited. Mr. Lai Shixian as one of the beneficiaries of the DYL Family Trust and as the spouse of Ms. Ding Yali was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed Holdings Limited. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2021, were directly held by Blossom Prospect. Mr. Lai Shixian held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in 18,267,273 shares of Anta International held by Blossom Prospect. 21,694,461 shares of Anta International, representing 1.47% of the issued shares of Anta International as at 31 December 2021, were directly held by First Start Investment Limited ("First Start"). Mr. Lai Shixian held 90% of the issued shares of First Start and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of First Start, and therefore was deemed to be interested in 21,694,461 shares of Anta International held by First Start.

(6) The interests of Mr. Wu Yonghua in Anta International were held through Spread Wah International Limited, which directly held 78,136,038 shares of Anta International, representing 5.29% of the issued shares of Anta International as at 31 December 2021. The entire issued shares of Spread Wah International Limited was held by Allbright Assets Limited, which was in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust was 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 were Mr. Wu Yonghua and his family members. Mr. Wu Yonghua as the founder and one of beneficiaries of the WYH Family Trust was deemed to be interested in the 78,136,038 shares of Anta International held by Spread Wah International Limited.

(7) The interests of Mr. Wang Wenmo in Anta International were held through Fair Billion Development Limited, which directly held 146,170,945 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 31 December 2021. The entire issued shares of Fair Billion Development Limited was held by Asia Bridges Assets Limited, which was in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust was 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 were Mr. Wang Wenmo and his family members. Mr. Wang Wenmo as the founder and one of the beneficiaries of the WWM Family Trust was deemed to be interested in the 146,170,945 shares of Anta International held by Fair Billion Development Limited.

(8) The interests of Mr. Yiu Kin Wah Stephen were held by his family member as at 31 December 2021. Mr. Yiu Kin Wah Stephen, having a general power of attorney of a family member's securities account, is deemed to be interested in the 20,000 Shares held by his family member.

Save as disclosed above, as at 31 December 2021, 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 2021, 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, or which were notified to the Company, were as follows:

Interests in Shares/underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee[1]	1,487,986,000(L)	55.04%
Top Bright Assets Limited	Interest in controlled corporation[1]	1,486,946,000(L)	55.00%
Shine Well	Interest in controlled corporation[1]	1,477,500,000(L)	54.65%
	Beneficial owner[1]	9,446,000(L)	0.35%
Allwealth Assets Limited	Interest in controlled corporation[1]	1,478,500,000(L)	54.69%
Talent Trend	Interest in controlled corporation[1]	1,477,500,000(L)	54.65%
	Beneficial owner[1]	1,000,000(L)	0.04%
Anta International	Beneficial owner[2]	1,201,125,000(L)	44.43%
	Interest in controlled corporation[2]	276,375,000(L)	10.22%
Anda Holdings	Beneficial owner	160,875,000(L)	5.95%

(L) – Long Position

Notes:

(1) *The interests of HSBC Trustee in the Company were held through Anta International, Anda Holdings, Anda Investments, Shine Well and Talent Trend, representing approximately 44.43%, 5.95%, 4.27%, 0.35% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 40,000 Shares as trustee for persons unrelated to the substantial shareholders.*

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ Family Trust, the WWM Family Trust, the WYH Family Trust and the DYL Family Trust, and it held the entire issued shares of Top Bright Assets Limited and Allwealth Assets Limited, which in turn held the entire issued shares 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 1,201,125,000 Shares directly held by Anta International. Anta International held the entire issued shares of each of Anda Holdings and Anda Investments and therefore was deemed to be interested in 160,875,000 Shares and 115,500,000 Shares directly held by Anda Holdings and Anda Investments, respectively. Accordingly, HSBC Trustee, Top Bright Assets Limited, Allwealth Assets Limited, Shine Well and Talent Trend were deemed to be interested in the total 1,477,500,000 Shares held by Anta International and its wholly-owned subsidiaries. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright Assets Limited were also deemed to be interested in the 9,446,000 Shares held by Shine Well. 1,000,000 Shares were held by Talent Trend directly. Accordingly, HSBC Trustee and Allwealth Assets Limited were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

(2) *1,201,125,000 Shares were directly held by Anta International. 160,875,000 Shares and 115,500,000 Shares were directly held by Anda Holdings and Anda Investments, respectively. Each of Anda Holdings and Anda Investments was wholly-owned by Anta International and therefore was a controlled corporation of Anta International. Accordingly, Anta International was deemed to be interested in the 160,875,000 Shares held by Anda Holdings and the 115,500,000 Shares held by Anda Investments.*

Save as disclosed above, as at 31 December 2021, 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.

Connected Transaction

The Group conducted the following transaction with a connected person (as defined under the Listing Rules) during the financing year:

Acquisition of Land Use Rights of the Target Land and the Factory under construction (the "Acquisition")

On 31 March 2021, Quanzhou Dongyida Light Industry Development Co., Limited (the "Purchaser", a company incorporated in China and a wholly owned subsidiary of the Company) entered into a land use rights and building transfer agreement with Fujian Anta Investment Co., Limited (the "Vendor", a company incorporated in China), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the land use rights in respect of the Target Land (as defined below) and the entirety of the Vendor's interest in the Factory (as defined below) under construction at a total consideration of RMB72 million ("Land Use Rights And Building Transfer Agreement").

The Target Land comprises of four parcels of land (including Parcel 2, a parcel of land adjacent to Parcel 1 (the land use right of which is wholly owned by the Purchaser) and upon which the Factory is being constructed) situated in Dongshan Village, Chidian Town, Jinjiang City, Fujian Province, China with a total area of approximately 39,964 square metres (the "Target Land"). The land use right of the Target Land was wholly owned by the Vendor before the execution of the Land Use Rights And Building Transfer Agreement. The Factory is the shoe manufacturing factory being constructed upon Parcel 1 and Parcel 2 (the "Factory"). The Purchaser and the Vendor owned 40% and 60% interests in the Factory under construction respectively before the execution of the Land Use Rights And Building Transfer Agreement.

The Board considered the Factory under construction would enhance the Group's self-production capacity of footwear products and provide support to the Group's business development under the multi-brand strategy. Given the Factory is constructed upon Parcel 1 and Parcel 2, among which the Purchaser currently owns the land use rights in respect of Parcel 1, the Acquisition contemplated under the Land Use Rights And Building Transfer Agreement will unify the ownership of the adjacent lands upon which the Factory is built and future facilities would be built and will give the Group complete control over the progress of the development and the future usage of the Factory and the Target Land.

Mr. Ding Shizhong and Mr. Ding Shijia are both Executive Directors of the Company. The Vendor is 50% owned by Ms. Ding Siqing and 50% owned by Mr. Ding Sirong. As each of Ms. Ding Siqing and Mr. Ding Sirong is a family member of Mr. Ding Shizhong and Mr. Ding Shijia, respectively, the Vendor is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and therefore a connected person of the Company. As such, the transactions contemplated under the Land Use Rights And Building Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Acquisition was completed during the financial year. For details of the Acquisition, please refer to the announcement of the Company dated 31 March 2021.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 31 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in the annual report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain 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 20 December 2018.

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

On 20 December 2018, ANTA China and Quanzhou Anda (and for and on behalf of certain entities) entered into a packaging material supply agreement ("2018 PMSA") for a term of 3 years from 1 January 2019 to 31 December 2021 in relation to the supply of paper packaging materials, including but not limited to, cardboard cases, paper bags and shoe boxes, from Quanzhou Anda (and those entities) 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. Those entities are entities or corporations incorporated in the PRC owned and/or controlled by Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian or Mr. Wang Wenmo, each a Director, and/or each of their respective associates, which are principally engaged in the manufacturing and sales of packaging materials in the PRC ("Material Supplies Entities").

Under the 2018 PMSA, the prices for paper packaging materials shall be agreed in arm's length negotiation between Quanzhou Anda (and/or the Material Supplies Entities) 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 and the Material Supplies Entities are owned and/or controlled by Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian or Mr. Wang Wenmo, each a Director, and/or each of their respective associates is and are therefore connected persons of the Company. The transactions contemplated under the 2018 PMSA constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, the Group's purchase of paper packaging materials from Quanzhou Anda and the Material Supplies Entities amounted to RMB107 million (2020: RMB101 million).

The 2018 PMSA will expire on 31 December 2021. The Group expects, for the three financial years ending 31 December 2022, 2023 and 2024, to continue the existing continuing connected transactions under the 2018 PMSA and enter into certain new recurring transactions similar to the existing continuing connected transactions with Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (collectively "Family Directors") and/or their associates. Therefore, on 15 December 2021, the Company entered into a new packaging material supply agreement with the Family Directors in relation to the supply of paper packaging materials for a term of 3 years with reference to the terms and conditions of the 2018 PMSA. For details please refer to the announcements of the Company dated 15 December 2021.

2. **Master Services Agreement with Mr. Ding Shijia**

On 20 December 2018, the Company (for and on behalf of the relevant member companies of the Group) entered into a master service agreement with Mr. Ding Shijia (for and on behalf of certain entities) for a term of 3 years from 1 January 2019 to 31 December 2021 for the provision of certain services by those entities to the Group ("2018 MSA"). Those entities are entities or corporations which are 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 transportation vehicles, 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 2018 MSA ("Relevant Services").

Under the 2018 MSA, 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 2018 MSA, at prevailing market price with reference to the nature of the relevant land, properties and transportation vehicles 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 2018 MSA.

Mr. Ding Shijia (an Executive Director and a substantial shareholder of the Company) is a connected person of the Company. The Relevant Entities, being companies controlled by Mr. Ding Shijia, his family members and/or and close relatives, are associates of Mr. Ding Shijia under Rule 14A.12 of the Listing Rules, and are therefore connected persons of the Company. The transactions contemplated under the 2018 MSA constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, service fees for the provision of Relevant Services to the Group by Mr. Ding Shijia (for and on behalf of the Relevant Entities) amounted to RMB20 million (2020: RMB19 million).

The 2018 MSA will expire on 31 December 2021. The Group expects, for the three financial years ending 31 December 2022, 2023 and 2024, to continue the existing continuing connected transactions under the 2018 MSA and enter into certain new recurring transactions similar to the existing continuing connected transactions with the Family Directors and/or their associates. Therefore, on 15 December 2021, the Company entered into a new master service agreement with the Family Directors in relation to the provision of certain services similar to the Relevant Services for a term of 3 years with reference to the terms and conditions of the 2018 MSA. For details please refer to the announcements of the Company dated 15 December 2021.

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 or better; and

(3) according to the agreements governing them on terms which are fair and reasonable and in the interests of the Company and the Shareholders 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 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised), *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 his unmodified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

Convertible Bond

On 5 February 2020, the Group completed the issuance of EUR1,000 million zero coupon convertible bonds ("Bonds") due on 5 February 2025 and the Bonds are listed on the Singapore Stock Exchange.

The conversion price per conversion share is subject to adjustments in accordance with the terms and conditions of the Bonds. As a result of (i) the approval of the final dividend of HK47 cents per Share for the year ended 31 December 2020 by Shareholders at the AGM held on 7 May 2021; and (ii) the declaration of the interim dividend of HK60 cents per Share for the six month ended 30 June 2021 by the Board on 24 August 2021, the applicable conversion price per conversion share as at 31 December 2021 was adjusted to HKD103.68. For details, please refer to the announcements of the Company dated 7 May 2021 and 24 August 2021.

As at 31 December 2021, the total number of the issued shares of the Company is 2,703,329,000. Based on the applicable conversion price of HKD103.68 on that date and assuming full conversion of the Bonds, the Bonds will be convertible into 83,396,991 conversion shares, representing approximately 3.08% of the issued shares of the Company and approximately 2.99% of the issued shares of the Company as enlarged by the issue of such conversion shares (assuming that there is no other change to the issued shares of the Company).

Furthermore, as a result of the declaration of the special interim dividend of HK30 cents per Share for the year ended 31 December 2021 by the Board on 30 December 2021, the conversion price per conversion share was further adjusted to HKD103.42 with effect from 14 January 2022. For details please refer to the announcement of the Company dated 30 December 2021.

The conversion shares that may fall to be issued upon exercise of the conversion right attaching to the Bonds will be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 9 April 2019. The conversion shares to be issued upon exercise of the conversion right to the Bonds will be fully paid and rank pari passu in all respects with the Shares then in issue on the date on which the name of the exercising bondholder is registered as holder of the relevant conversion shares in the register of members of the Company.

As at 31 December 2021, the total outstanding principal amount of the Bonds was EUR1,000 million (equivalent to RMB7,205 million). There had not been any exercise of conversion right of the Bonds during the financial year, and no redemption right had been exercised by the bondholders or the Company during the financial year.

Assuming the Bonds were fully converted on 31 December 2021, the shareholdings of the Company immediately before and after the full conversion of the Bonds are set out below for illustration purposes:

	Shareholding immediately before the full conversion of the Bonds		Upon full conversion of the Bonds at the conversion price of HKD103.68 each	
Name of Shareholders	Number of Shares	Approximate % of issued shares of the Company	Number of Shares	Approximate % of issued shares of the Company
Anta International (1)	1,201,125,000	44.43%	1,201,125,000	43.10%
Anda Holdings (1)	160,875,000	5.95%	160,875,000	5.77%
Anda Investments (1)	115,500,000	4.27%	115,500,000	4.14%
Shine Well	9,446,000	0.35%	9,446,000	0.34%
Talent Trend	1,000,000	0.04%	1,000,000	0.04%
Hemin Holdings (2)	84,500,000	3.13%	84,500,000	3.03%
Bondholders	–	–	83,396,991	2.99%
Other Shareholders	1,130,883,000	41.83%	1,130,883,000	40.59%
Total	2,703,329,000	100.00%	2,786,725,991	100.00%

Notes:

(1) Each of Anda Holdings and Anda Investments is wholly-owned by Anta International.

(2) Hemin Holdings is a company controlled by Mr. Ding Shizhong, Mr. Ding Shijia and their family members.

Based on the cash and cash equivalents and the fixed deposits held at banks with maturity over three months as at 31 December 2021, the Company has the ability to meet its redemption obligation under the Bonds.

Please refer to note 21(c) to the consolidated financial statements for further details of the Bonds.

Bondholders to convert or redeem

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert or redeem the Bonds based on their implied rate of return (and therefore the bondholders would be indifferent as to whether the Bonds are converted or redeemed) at certain dates in the future is as follows:

Date	30 June 2022	31 December 2022
Company's share price	HKD107.93	HKD108.58

Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in note 23 to the financial statements.

Share Option Schemes

Share Option Scheme I

The Company adopted a share option scheme ("Share Option Scheme I") pursuant to the shareholders' written resolution passed on 11 June 2007. The Board might, at its absolute discretion, offer options to eligible persons (as defined in the Share Option Scheme I) to subscribe for such number of shares of the Company in accordance with the terms set out in the Share Option Scheme I. Each option gave the holder the right to subscribe for one ordinary share of the Company.

Pursuant to a resolution passed by shareholders of the Company at the AGM held on 6 April 2017, the Share Option Scheme I was terminated. All outstanding share options granted under the Share Option Scheme I would continue to be valid and exercisable until expiry. On 14 September 2020, all outstanding share options granted but not exercised under the Share Option Scheme I were expired and forfeited.

Share Option Scheme II

Pursuant to a resolution passed by the shareholders of the Company in the AGM dated 6 April 2017, to enable the continuity of the terminated Share Option Scheme I, the Company adopted a new share option scheme ("Share Option Scheme II") which has similar terms as Share Option Scheme I. The Share Option Scheme II shall be valid and effective for a period of 10 years from the adoption of the scheme on 6 April 2017.

The purpose of the Share Option Scheme II is to motivate Eligible Persons (as defined in the Share Option Scheme II) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined in the Share Option Scheme II), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

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

(a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(b) a director or proposed director (including an independent non-executive director) of any member of the Group;

(c) a direct or indirect shareholder of any member of the Group;

(d) a supplier of goods or services to any member of the Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(g) an associate of any of the foregoing persons.

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

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price must be at least the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

An offer of the grant of an option shall remain open for acceptance by the Eligible Persons for a period of 30 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme II. An option shall be deemed to have been granted and accepted by the Eligible Persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.0 by way of consideration for the grant thereof is received by the Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme II and any other schemes of the Group shall not in aggregate exceed 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910). The Company may at any time as the Board may think fit seek approval from its Shareholders in general meeting to refresh the limit in accordance with the terms of Shares Option Scheme II. Also, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme II 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 II at any time during a period as determined by the Board, which must not be more than 10 years from the date of grant. As at 31 December 2021, the remaining life of the Share Option Scheme II is around 5 years.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme II during the financial year. As at 31 December 2021, there were no outstanding options under the Share Option Scheme II.

Share Award Scheme

The Company adopted the Share Award Scheme on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of 10 years commencing on the adoption date. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, the professional trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

The Board shall not make any further award of Shares to selected employees which will result in the number of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the number of the issued shares of the Company from time to time.

Pursuant to the Share Award Scheme, awarded shares held by the trustee(s) upon the trust and which are in relation to a selected employee shall not vest in the selected employee if, amongst others, the selected employee has been terminated by the Group because of, amongst others, (i) dishonesty or serious misconduct; (ii) incompetence or negligence in the performance of his duties; (iii) becoming bankrupt; and (iv) being convicted for any criminal offence involving his integrity or honesty.

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules, and is a discretional scheme of the Company.

During the financial year, no ordinary shares (2020: 7,822,000) in the Company were purchased from the open market by the trustee of the Share Award Scheme. For the year ended 31 December 2020, total consideration paid, including all relevant expenses, for such share purchases were RMB464 million. As at 31 December 2021, the trustee of the Share Award Scheme held a total of 12,337,917 (2020: 14,321,333) Shares. As at 31 December 2021, the remaining life of the Share Award Scheme is around 6.5 years, subject to any early termination as may be determined by the Board pursuant to the rules relating to the Share Award Scheme (as amended from time to time).

Subject to the scheme rules and the fulfilment of the vesting conditions as set out in the grant notice to each grantee, the awarded shares held by the trustee shall vest in the respective grantee, and the trustee shall cause the awarded shares to be transferred to such grantee on the vesting date (or as soon as practicable after the vesting date), or the trustee shall effect the sale of such awarded shares at the prevailing market price on the Hong Kong Stock Exchange on behalf of the grantee and transfer the sale proceeds from the vested awarded shares (after deduction of applicable tax and other expenses) to the grantee on the vesting date (or as soon as practicable after the vesting date), in accordance with the terms of the scheme rules and the trust deed.

The movement of unvested share awards under the Share Award Scheme during the financial year were as follows:

			Number of unvested share awards					
Name or category of participant	Date of grant	Vesting period	As at 1 January 2021	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2021
Director								
Mr. Lai Shixian	5 November 2019	5 November 2019 to 1 May 2021	200,000	–	(200,000)[2]	–	–	–
	5 November 2019	5 November 2019 to 1 May 2022	200,000	–	–	–	–	200,000
	5 November 2019	5 November 2019 to 1 May 2023	200,000	–	–	–	–	200,000
	5 November 2019	5 November 2019 to 1 May 2024	200,000	–	–	–	–	200,000
Mr. Bi Mingwei	5 November 2019	5 November 2019 to 1 May 2021	60,000	–	(60,000)[2]	–	–	–
	5 November 2019	5 November 2019 to 1 May 2022	60,000	–	–	–	–	60,000
	5 November 2019	5 November 2019 to 1 May 2023	60,000	–	–	–	–	60,000
	5 November 2019	5 November 2019 to 1 May 2024	60,000	–	–	–	–	60,000

Name or category of participant	Date of grant	Vesting period	Number of unvested share awards As at 1 January 2021	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2021
Employees other than Director (including ex-employees)	5 November 2019	5 November 2019 to 1 May 2021	1,752,000	–	(1,637,416)[2]	(114,584)	–	–
	5 November 2019	5 November 2019 to 1 May 2022	1,692,000	–	–	(86,000)	–	1,606,000
	5 November 2019	5 November 2019 to 1 May 2023	1,692,000	–	–	(86,000)	–	1,606,000
	5 November 2019	5 November 2019 to 1 May 2024	1,692,000	–	–	(86,000)	–	1,606,000
	2 November 2020	2 November 2020 to 1 May 2021	178,000	–	(86,000)[2]	(92,000)	–	–
	2 November 2020	2 November 2020 to 1 May 2022	178,000	–	–	–	–	178,000
	2 November 2020	2 November 2020 to 1 May 2023	178,000	–	–	–	–	178,000
	2 November 2020	2 November 2020 to 1 May 2024	178,000	–	–	–	–	178,000
	2 November 2020	2 November 2020 to 1 May 2025	178,000	–	–	–	–	178,000
	1 November 2021	1 November 2021 to 1 May 2022	–	169,766[1]	–	–	–	169,766
	1 November 2021	1 November 2021 to 1 May 2023	–	169,766[1]	–	–	–	169,766
	1 November 2021	1 November 2021 to 1 May 2024	–	169,766[1]	–	–	–	169,766
	1 November 2021	1 November 2021 to 1 May 2025	–	169,766[1]	–	–	–	169,766
	1 November 2021	1 November 2021 to 1 May 2026	–	169,771[1]	–	–	–	169,771
Total			8,758,000	848,835	(1,983,416)	(464,584)	–	7,158,835

Notes:

(1) *The closing price of the Shares immediately before the date on which the awarded shares were granted during the financial year was HKD119.70.*

(2) *The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested during the financial year was HKD139.50.*

The fair value per awarded share granted during the financial year was HKD119.70, which was measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value. Information on the accounting policy for the grant of awarded shares is provided in the accounting policy (T)(ii) on page 175.

Corporate Governance

For the year ended 31 December 2021, save as disclosed in the Corporate Governance Report on pages 78 to 108 of the annual report, all the code provisions set out in the CG Code were met by the Company.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2021 and at any time up to the latest practicable date.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Auditor

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

Ding Shizhong
Chairman

Hong Kong, 22 March 2022

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.

Save as disclosed below, the Company has complied with the code provisions of the CG Code during the financial year. The Company regularly reviews its corporate governance practices to ensure its continuous compliance.

(A) The Board of Directors and Board Committees

The Board is collectively responsible for the Company's management, operations and decisions.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of management team. All Directors are subject to the same legal duties under all applicable laws and the Listing Rules. They are required, in the performance of their duties as directors, to act honestly and in good faith in the interests of the Company as a whole, avoid actual and potential conflicts of interest and duty, apply reasonable care and diligence, and make decisions objectively in the best interests of the Company. Currently, the Board comprises 11 Directors, including 6 Executive Directors, 1 Non-Executive Director and 4 Independent Non-Executive Directors, and the composition of the Board and the Board Committees are as follows:

Executive Directors

Mr. Ding Shizhong *(Chairman and Chief Executive Officer)*
Mr. Ding Shijia *(Deputy Chairman)*
Mr. Lai Shixian *(Chief Financial Officer)*
Mr. Wu Yonghua
Mr. Zheng Jie
Mr. Bi Mingwei (appointment effective from 1 July 2021)

Non-Executive Director

Mr. Wang Wenmo

Independent Non-Executive Directors

Mr. Dai Zhongchuan
Mr. Yiu Kin Wah Stephen
Mr. Lai Hin Wing Henry Stephen
Ms. Wang Jiaqian (appointment effective from 1 July 2021)

Audit Committee

Mr. Yiu Kin Wah Stephen *(Chairman) (Independent Non-Executive Director)*
Mr. Dai Zhongchuan *(Independent Non-Executive Director)*
Mr. Lai Hin Wing Henry Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*

Remuneration Committee

Mr. Dai Zhongchuan *(Chairman) (Independent Non-Executive Director)*
Mr. Lai Hin Wing Henry Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Mr. Ding Shizhong *(Executive Director)*

Nomination Committee

Mr. Lai Hin Wing Henry Stephen *(Chairman) (Independent Non-Executive Director)*
Mr. Yiu Kin Wah Stephen *(Independent Non-Executive Director)*
Mr. Lai Shixian *(Executive Director)*

Risk Management Committee

Mr. Yiu Kin Wah Stephen *(Chairman) (Independent Non-Executive Director)*
Mr. Dai Zhongchuan *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Mr. Lai Shixian *(Executive Director)*

Sustainability Committee (set up on 18 December 2021)

Mr. Lai Shixian *(Chairman) (Executive Director)*
Mr. Yiu Kin Wah Stephen *(Independent Non-Executive Director)*
Mr. Lai Hin Wing Henry Stephen *(Independent Non-Executive Director)*
Ms. Wang Jiaqian *(Independent Non-Executive Director)*
Mr. Wu Yonghua *(Executive Director)*
Mr. Zheng Jie *(Executive Director)*
Mr. Yiu Wai Hung*

* *non-Board member*

The Board contains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board includes a balanced composition of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Board practice is in place so that any changes to the Board composition (if any) can be managed without undue disruption.

Mr. Bi Mingwei has been appointed as an Executive Director by the Board as an addition to the existing Board with effect from 1 July 2021. Mr. Bi is currently a vice president of the Group. He is primarily responsible for various middle and back office functions of the Group including operation financial management, business process and information management and logistics management, etc. He joined the Group in May 2007 and has over 20 years of experience in financial management and the sportswear industry. Mr. Bi holds a bachelor's degree in accounting from the University of International Business and Economics in China. He is a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Bi is a Fujian Province People's Congress deputy.

Ms. Wang Jiaqian has been appointed as an Independent Non-Executive Director by the Board as an addition to the existing Board with effect from 1 July 2021. Ms. Wang is currently Director of Planning and Governance of Chanel Asia Pacific and a member of Executive Leadership Committee of Chanel Mainland China of Chanel Limited, leading strategic planning cycle and client-centric data transformation businesses. She was employed by Boston Consulting Group, a global management consulting firm, from September 2010 to June 2019 with her last position as Managing Director and Global Partner. She has over 15 years of experience in strategy and business consulting in retail and consumer products sector. Ms. Wang holds a bachelor's degree in English from the Nanjing University and a master's degree in finance from the Peking University in China.

In considering the appointments of Mr. Bi and Ms. Wang, the Board, with assistance and recommendation from Nomination Committee, has reviewed the structure, size, composition and diversity of the Board from a number of aspects, including but not limited to the professional experience, skills and expertise, that Mr. Bi and Ms. Wang can bring. In particular in respect of the Independent Non-Executive Director appointment of Ms. Wang, the Board has reviewed the qualification and assessed the independence of Ms. Wang, and the Board is not aware of any circumstance that might influence Ms. Wang in exercising independent judgment, and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of Independent Non-Executive Director and she will be able to maintain an independent view of the Group's affairs.

Directors' biographical details and relationships between the Directors (if any) are set out in the section entitled "Directors, Company Secretary and Senior Management" in the annual report.

The Board's Roles and Responsibilities

The Board is collectively responsible for long-term success of the Group and interests of Shareholders. Under the leadership of the Chairman, the Board actively promotes the success of the Group by directing and supervising its affairs in a responsible and effective manner. The principal responsibilities of the Board include, but are not limited to, the following:

- establishing and promoting the Group's corporate culture;
- formulating, updating and refining the Group's strategy and business objectives;
- evaluating the management on the implementation progress to monitor the Group's businesses against plan and budget;
- approving any major acquisitions and disposals, formation of joint ventures and capital transactions, and any other transactions in accordance with the Listing Rules and other regulations;
- overseeing the management of the Group's relationships with stakeholders;
- ensuring the effective communication with the shareholders of the Company;
- ensuring appropriate and adequate disclosure and reporting in corporate communication documents including announcements and annual reports;
- reviewing the policies and monitor the implementations in relation to corporate governance, internal controls, risk management and sustainability practices;
- approving the Group's quarterly, interim and annual financial statements, applicable results announcements and any other related documents;
- considering the distributions of ordinary and special dividends (if any);
- providing all Board Committees with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary; and
- evaluating the performances of the Board and the Board Committees annually.

Executive Directors and Management's Roles and Responsibilities

The Executive Directors are involved in the day-to-day operations of the Group's businesses. Being members of the Company's senior management, they ensure that the management is accountable to the Board, and ultimately to the shareholders. The Executive Directors also seek advice from and work closely with the Non-Executive Director and the Independent Non-Executive Directors. The principal responsibilities of the Executive Directors and management include, but are not limited to, the following:

- implementing the Company's strategies and objectives including assessing and identifying trends and development, for the Company;
- analysing the global macro economy and China market situation;
- conducting day-to-day management of the Group's businesses operation;
- designing, implementing and maintaining appropriate and effective risk management and internal control systems;
- monitoring risks and takes measures to mitigate risks in day-to-day operations;
- monitoring and assessing the performance of each brand and function under the Group;
- providing input to and reviewing the business planning and budget; and
- analysing various matters, such as products lines, sales channels and supply chain, in different dimensions for the Group's businesses operation.

Delegation by the Board

In addition to the individual Board Committees established to assist the full Board in specific areas as discussed below, the responsibilities for implementing the Company's strategies and objectives, and day-to-day management of the Group's business operations are delegated to the Executive Directors and management team. The Board does not delegate matters to Executive Directors or management team to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions. The Company formalises the functions reserved to the Board and those delegated to management, and management are aware of the matters needed to report back and obtain prior Board approval before making decisions or entering into any commitments on the Group's behalf. The Board would review those arrangements from time to time to ensure that they remain appropriate to the Group's needs.

Chairman and Chief Executive Officer

Chairman provides leadership for the Board and takes the lead to ensure the Board acts in the best interests of the Company. The responsibilities of Chairman comprise, but are not limited to, the following:

- ensuring that the Board works effectively and performs its responsibilities;
- ensuring and overseeing sound corporate governance practices and procedures;
- enhancing effective communication with shareholders and ensure the views of shareholders are communicated to the Board as a whole;
- encouraging all Directors to make full and active contributions to the Board's affairs;

- facilitating the effective contribution of Non-Executive Directors (including Independent Non-Executive Directors) in particular and ensuring constructive relations between Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors);
- ensuring all Directors are properly briefed on issues arising at Board meetings and always receive timely, accurate, reliable and complete information;
- ensuring sufficient time for discussion of issues among Directors; and
- ensuring that Board decision fairly reflect Board consensus.

Chief Executive Officer takes the lead of the Group's entire management team and reports to the Board on behalf of the management. The responsibilities of Chief Executive Officer comprise, but are not limited to, the following:

- leading and supervising the management team in the Group's daily operations;
- executing the Company's strategic initiatives determined by the Board from time to time;
- reporting on business operation, financial performance and strategic matters and providing key updates to the Board regularly;
- enhancing the Group's existing strong brand portfolio;
- facilitating the integration of different functions among the Group to unlock the potential synergies; and
- seeking for potential acquisition and investment opportunities.

Under code provision C.2.1 of the CG 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 were 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 management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises 6 Executive Directors, 1 Non-Executive Director and 4 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

Compliance with the Code for Securities Transactions for Directors' Securities Transactions

The Company has established written guideline no less exacting than the Model Code for the Directors in respect of their dealings in the Company's securities ("Code for Securities Transactions"). Our management's dealings in the Company's securities are also subject to the Code for Securities Transactions for those who have access to potential inside information, and are recorded in the register under the Code of Securities Transactions. The Company has further made specific enquiries to all the Directors and they have confirmed their compliance with the required standards set out in the Code for Securities Transactions regarding the Directors' securities transactions during the financial year. During the financial year, no incident of non-compliance with the Code of Securities Transactions was noted by the Company.

Directors' and Officers' Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding offices as the Directors and officers of the Group. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Appointments, Retirement and Re-election of Directors

A formal, considered and transparent procedure for the appointment of new Directors is in place. Appointment of Directors is recommended by Nomination Committee for approval of the Board. Candidates should be aware that they must be able to contribute sufficient time and attention to the affairs of the Company before accepting their appointment. Each newly appointed Director would receive a formal, comprehensive and tailored orientation, which details the duties and responsibilities of Directors under the Listing Rules, the Company's articles of association and other related ordinances and relevant regulatory requirements. Presentations by internal management and external professionals (where necessary) would also be provided to ensure a proper understanding of the Company's business and operations and governance policies.

Each of the Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) of the Company has entered into a service contract with the Company for a specific term. 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. Also, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at an AGM at least once every 3 years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. When an Independent Non-Executive Director proposed for re-election has served the Company for more than nine years, his re-election would be subject to a separate resolution to be approved at the AGM. For details of re-election of Directors, please refer to the section entitled "Directors" in the Report of the Directors of the annual report.

Directorship Commitments

The Board is satisfied that the Directors had a strong commitment to the Company and positively contributed to the Board through their participation in the Company's affairs and the Board's discussions and decisions, as reflected in their high attendance record on the Board and its Committee meetings during the financial year. All of the Directors have provided annual confirmations and made disclosures about their other appointments, the number and nature of offices held in public companies or organisations and other significant commitments.

Non-Executive Directors

Non-Executive Directors (including Independent Non-Executive Directors) may be industry practitioners or experts in the Group's business, or have other skills and experience in other areas which enhancing the Board members' balance of skills, experience and diversity of perspectives. As Board members with equivalent role, Non-Executive Directors (including Independent Non-Executive Directors) give the Board and any Board Committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Non-Executive Directors (including Independent Non-Executive Directors) can make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

The responsibilities of Non-Executive Directors comprise, but are not limited to, the following:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise for other Directors;
- serving on the Board Committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

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

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 the Shareholders can be protected.

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. Nomination Committee has assessed the independence of all the Independent Non-Executive Directors, and the Board and Nomination Committee consider that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Mr. Dai Zhongchuan has been appointed as an Independent Non-Executive Director since April 2009 and has served the Company for more than eleven years. Nomination Committee assesses annually Mr. Dai's role as an Independent Non-Executive Director, taking into account factors including but not limited to Mr. Dai's reputation for integrity, experience, ability to assist the Board, perspectives and skills, and commitment while having due regard to the board diversity policy of the Company. As Mr. Dai has been providing objective and independent views to the Company during his tenure of office, Nomination Committee was of the view that Mr. Dai remains committed to his independent role and that the long service of Mr. Dai would not affect his exercise of independent judgement as an Independent Non-Executive Director.

After taking into account all the factors for assessing independence as set out in Rule 3.13 of the Listing Rules and considering his annual confirmation of independence to the Company and the assessment by Nomination Committee, the Board is of the opinion that Mr. Dai maintains his independence notwithstanding the length of his service and believes that his valuable knowledge and extensive experience continue to generate significant contribution to the Board, the Company and the Shareholders as a whole. The Board further considers Mr. Dai is still capable of bringing a valuable and different perspective and independent judgment to bear on issues of strategy, performance, accountability, key appointments and standards of conduct. During the tenure of office, Mr. Dai had performed his duties as an Independent Non-Executive Director to the satisfaction of the Board.

Currently, none of the Independent Non-Executive Directors, individually, held directorships in 7 or more listed public companies (including the Company).

During the financial year, the Chairman held a meeting with all the Independent Non-Executive Directors (without the presence of other Directors), matters to discuss including:

- competitiveness analysis on the Group's outlook and strategy;
- overall consumer sector's performance;
- joint venture's recent development;
- board diversity;
- ESG trend and development;
- brand strategy;
- risk management; and
- other matters that the Independent Non-Executive Directors may have concerned.

Nomination Policy

Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies. The committee may, as it considers appropriate, nominate such number of candidates to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.

In assessing the suitability of a proposed candidate, Nomination Committee would consider factors including:

- reputation for integrity;
- experience in sportswear industry and/or business strategy, management, legal and financial aspects;
- ability to assist the Board in effective performance of its responsibilities;
- the perspectives and skills that the proposed candidate is expected to bring to the Board;
- diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- commitment in respect of available time and relevant interest; and
- in the case of selection for Independent Non-Executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive. Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Committee shall call a meeting and invite nominations of candidates from Board members if any, for consideration by the committee prior to its meeting. Alternatively, such nomination may be approved by the committee by way of written resolutions. For filling a casual vacancy, the committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the committee shall make nominations to the Board for its consideration and recommendation. Subject to and pursuant to the articles of association of the Company, any one or more Shareholders can serve a notice of its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the committee's nomination (Details of which are set out in the section entitled "(D) Shareholders' Rights, Communications with Shareholders and Investor Relations" below).

Board Diversity Policy

The Board adopted a board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to broaden its view and enhance the quality of its performance. The Company endeavors to pursue an all-round diverse Board in various aspects and will carry out ongoing review of its Board composition. 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 measurable objectives under the Board Diversity Policy, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In designing the Board's composition, the Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board.

Directors are from diverse and complementary backgrounds. Their valuable experience and expertise are critical for the long-term growth of the Company. The current Board's composition under diversified perspectives is summarised as follows:

Name		Mr. Ding Shizhong	Mr. Ding Shijia	Mr. Lai Shixian	Mr. Wu Yonghua	Mr. Zheng Jie	Mr. Bi Mingwei	Mr. Wang Wenmo	Mr. Dai Zhongchuan	Mr. Yiu Kin Wah Stephen	Mr. Lai Hin Wing Henry Stephen	Ms. Wang Jiaqian
Gender		Male	Male	Male	Male	Male	Male	Male	Male	Male	Male	Female
Age		51	57	47	51	53	49	65	56	61	65	42
Length of service of the Board (up to 31 December 2021)		14 years	14 years	14 years	14 years	12 years	0.5 year	14 years	12 years	3.5 years	1 year	0.5 year
Skills, knowledge & professional experience	(a) Accounting & finance			✓			✓			✓		
	(b) Business development	✓			✓	✓						✓
	(c) Brand management	✓			✓	✓						✓
	(d) Capital market			✓						✓	✓	
	(e) Corporate responsibility/ sustainability	✓		✓	✓	✓	✓			✓	✓	✓
	(f) Corporate strategy and planning	✓				✓	✓					✓
	(g) Executive management and leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	(h) Investor relations			✓								
	(i) Legal			✓					✓		✓	
	(j) Manufacturing		✓					✓				
	(k) Other listed board experience/role			✓					✓	✓	✓	
	(l) Operational management	✓	✓	✓	✓	✓	✓	✓				
	(m) Risk management			✓			✓		✓	✓		✓
	(n) Sales and marketing	✓			✓	✓						
	(o) Supply chain management		✓	✓			✓	✓				
	(p) Treasury management			✓								
	(q) Informational management			✓			✓					

Nomination Committee has conducted the annual review of the Board composition and the implementation of the Board Diversity Policy. Based on different measurable objectives on board diversity including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, the committee considered that board diversity was achieved by the end of the financial year of 2021. In particular, after the appointment of Ms. Wang Jiaqian as an Independent Non-Executive Director on 1 July 2021, gender diversity is achieved in respect of the Board as it is no longer a single gender board. However, Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level, it shall continue to take initiatives to identify more female candidate(s) to further enhance the gender diversity among the Board members.

Nevertheless, the Board recognises the importance of diversity in the workforce level. The Group employs our staff by talents and respect our staff's personal choices, regardless of gender, age, religion, nationality etc. The gender ratios in the workforce by the end of the financial year of 2021 are as follows:

Overall male to female ratio	Male 26.0%; Female 74.0%
By rank and gender:	
Office staff:	
President level	Male 79.6%; Female 20.4%
Director level	Male 64.3%; Female 35.7%
Manager level	Male 48.0%; Female 52.0%
Officers and others	Male 20.0%; Female 80.0%
Production staff	Male 38.3%; Female 61.7%

Remuneration of Directors and Senior Management

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the remuneration packages of each Director and senior management, market rates and factors such as individual workload, responsibilities and required commitment are taken into account. In addition, factors comprising economic and market situations, individual contributions to the Group's results and development as well as individual's potential are considered when determining the remuneration packages of Directors and senior management. At the same time, remuneration levels shall be sufficient to attract and retain Directors and senior management to run the Company successfully without paying more than necessary.

The Company has adopted the model ascribed in CG Code Provision E.1.2(c)(i) whereby Remuneration Committee determines, with delegation from the Board, the remuneration packages of individual Executive Directors and senior management.

No Directors takes part in any discussion on his own remuneration, Directors would abstain from voting in the resolutions in relation to their individual remuneration in relevant Board or Remuneration Committee meetings.

Only the Executive Directors, Chief Executive Officer and Chief Financial Officer are regarded as members of the Group's senior management.

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 6 and 7 to the financial statements.

Training and Support for Directors

Directors should keep abreast of the latest developments in areas, including laws and regulations, the Listing Rules, as well as industry update to discharge their duties and responsibilities for the benefit of the Company. Each newly appointed Director would receive an induction covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Company also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors. The Company 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.

Directors have provided records of the training they received during the financial year, and they have participated in the following training:

Directors	Reading materials in relation to legal, regulatory & industry updates	Briefing and updates on business and operation	Training/ Seminars	Other professional developments
Executive Directors				
Mr. Ding Shizhong	✓	✓	✓	✓
Mr. Ding Shijia	✓	✓	✓	✓
Mr. Lai Shixian	✓	✓	✓	✓
Mr. Wu Yonghua	✓	✓	✓	✓
Mr. Zheng Jie	✓	✓	✓	✓
Mr. Bi Mingwei (appointment with effect from 1 July 2021)	✓	✓	✓	✓
Non-Executive Director				
Mr. Wang Wenmo	✓	✓	✓	
Independent Non-Executive Directors				
Mr. Dai Zhongchuan	✓	✓	✓	✓
Mr. Yiu Kin Wah Stephen	✓	✓	✓	✓
Mr. Lai Hin Wing Henry Stephen	✓	✓	✓	✓
Ms. Wang Jiaqian (appointment with effect from 1 July 2021)	✓	✓	✓	✓

Board Committees

The Board has established Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Sustainability 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 (ir.anta.com) and Hong Kong Stock Exchange (www.hkexnews.hk). 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. Full details of the committees' work are disclosed in the relevant sections for each of the Board Committees.

Audit Committee

Audit Committee is responsible for ensuring 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 external auditor and internal auditor of the Group, etc. Audit Committee meets regularly with the Company's external auditor to discuss the audit process and accounting issues (and in the absence of management if appropriate). Also, to comply with the requirements under the CG Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities (with relevant authorities) to Audit Committee.

The terms of reference of Audit Committee are in line with the code provisions of the CG Code. The responsibilities of Audit Committee comprise, but are not limited to, the following:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and on any questions of its resignation or dismissal;
- approving the remuneration and terms of engagement of the external auditor;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- monitoring the engagements of external auditor to supply any non-audit services, and making recommendations on any related matters where action or improvement is needed;
- acting as the key representative body for overseeing the Company's relations with the external auditor;
- monitoring integrity of the Company's and the Group's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them;
- considering any significant or unusual items that are, or may need to be, reflected in the report and accounts;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter (if any), any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- giving due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- establishing and implementing the whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence;
- ensuring the arrangements that employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- ensuring proper arrangements for fair and independent investigation and for appropriate follow-up action;
- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors;
- reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; and
- reviewing the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

During the financial year, Audit Committee performed, considered and/or resolved the following matters:

- considering the annual results of the Group for the year ended 31 December 2020 for the approval by the Board;
- considering the interim results of the Group for the 6 months ended 30 June 2021 for the approval by the Board;
- approving the external auditor's scope, plan and fees of the annual audit and the interim review;

- meeting with the external auditor and discussing their major findings in the annual audit and the interim review;
- reviewing the reports prepared by the external auditor relating to the annual audit and the interim review;
- considering the effectiveness of the external auditor, giving due consideration to the quality and contents of their reports to the committee, feedback from management and compliance with relevant regulatory, professional requirements and their independence;
- considering the safeguard of external auditor's objectivity and independence in proposed engagement in respect of audit-related and permissible non-audit services;
- making recommendation of the re-appointment of external auditor for Shareholders' approval in AGM;
- meeting with external auditor in the absence of management to discuss matters relating to audit fees, issues arising from audit and other matters the auditor raised;
- determining and reviewing the Company's current corporate governance policy and practice;
- reviewing the Company's compliance with the CG Code and other legal and regulatory requirements; and
- reviewing the disclosure in the corporate governance report.

Remuneration Committee

Remuneration Committee is 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 Remuneration Committee to ensure that their remuneration and compensation are reasonable. Remuneration Committee consults the Chairman and/or Chief Executive Officer about their remuneration proposals for other Executive Directors, and accesses to independent professional advice if necessary. The compensation amounts of the Directors are reviewed on an annual basis, having regard to the individuals' qualifications, experience, responsibilities and comparable market benchmarks and by taking into consideration salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

The terms of reference of Remuneration Committee are in line with the code provisions of the CG Code. The responsibilities of Remuneration Committee comprise, but are not limited to, the following:

- 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 on the establishment of a formal and transparent procedure for developing remuneration policy;
- determining, with delegation from the Board, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and the Company's objectives approved by the Board from time to time;

- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms; and

- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms.

During the financial year, Remuneration Committee performed, considered and/or resolved the following matters:

- reviewing the existing policy and structure for remuneration of all Directors of the Company and senior management of the Group;

- assessing the performance and reviewing the remuneration packages of the Executive Directors and senior management for the financial year of 2020;

- approving the discretionary bonuses of Mr. Ding Shizhong and Mr. Zheng Jie for the financial year of 2020;

- reviewing and approving the management's remuneration proposals for the financial year;

- reviewing and making recommendation to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);

- approving the remuneration packages of Mr. Zheng Jie in respect of the renewal of his service agreement as an Executive Director;

- making recommendation on the remuneration of Mr. Dai Zhongchuan and Mr. Yiu Kin Wah Stephen in respect of the renewal of their letters of appointment as Independent Non-Executive Directors to the Board for approval;

- approving the remuneration package of Mr. Bi Mingwei in respect of the new appointment as an Executive Director;

- making recommendation on the remuneration of Ms. Wang Jiaqian in respect of the new appointment as an Independent Non-Executive Director to the Board for approval; and

- approving the grant of an aggregate of 848,835 awarded shares under the Share Award Scheme.

Nomination Committee

Nomination Committee is responsible for determining the nomination policy and 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. In identifying suitable candidates, Nomination Committee considers candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board (Details of which are set out in the section entitled "Nomination Policy" above). Nomination Committee also reviews the structure, size and composition of the Board (Details of which are set out in the section entitled "Board Diversity Policy" above) and assesses the independence of the Independent Non-Executive Directors (Details of which are set out in the section entitled "Independent Non-Executive Directors" above).

The terms of reference of Nomination Committee are in line with the code provisions of the CG Code. The responsibilities of Nomination Committee comprise, but are not limited to, the following:

- identifying and nominating individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships when it is necessary to increase the number of directors or to fill the Board vacancy, and the assessment criteria is whether the candidate is able to assist the Board in effective performance of the responsibilities;

- reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- reviewing the Board Diversity Policy and the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular Chairman and Chief Executive Officer; and

- assessing the independence of Independent Non-Executive Directors and review the Independent Non-Executive Directors' annual confirmations on their independence.

During the financial year, Nomination Committee performed, considered and/or resolved the following matters:

- conducting the annual review on the structure, size and diversity of the Board;

- reviewing the existing Nomination Policy and Board Diversity Policy, and the implementations;

- assessing the independence of Independent Non-Executive Directors and review of the annual confirmations on their independence;

- reviewing the re-appointment of Directors who retired from office at the past AGM in accordance with the Company's articles of association and offered themselves for re-election;

- approving the renewal of Mr. Zheng Jie's service agreement as an Executive Director;

- approving the renewal of Mr. Dai Zhongchuan's and Mr. Yiu Kin Wah Stephen's letters of appointment as Independent Non-Executive Directors; and

- making recommendation on the appointment of Mr. Bi Mingwei as an Executive Director and Ms. Wang Jiaqian as an Independent Non-Executive Director to the Board for approval.

Risk Management Committee

Risk Management Committee, being delegated (with relevant authorities) by the Board, is responsible for evaluating and determining the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives, ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems, and overseeing management in the design, implementation and monitoring of the risk management and internal control systems.

The responsibilities of Risk Management Committee comprise, but are not limited to, the following:

- overseeing the Group's risk management and internal control systems on an ongoing basis;

- conducting an annual review of the effectiveness of the Group's risk management and internal control systems (including financial controls);

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions during the annual review;

- discussing the risk management and internal control systems with management to ensure that management has performed its duty of establishing effective systems;

- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- ensuring co-ordination between the internal audit department and external auditor, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness;

- reviewing the regular reports by the internal audit department, including any findings of substantial contract review and non-compliance or irregularity matters; and

- advising the Board on the Group's risk management principle and other risk related matters (including corporate actions and suggested strategic transactions, such as business combinations, acquisitions and disposals, substantial investments, discloseable transactions as defined under the Listing Rules and other major transactions).

During the financial year, Risk Management Committee performed, considered and/or resolved the following matters:

- conducting the annual review of the effectiveness of the risk management and internal control systems for the financial year of 2020, including consideration of the adequacy of resources, staff qualifications and experience of the Group's financial reporting function and internal audit function;

- approving the annual audit plan provided by the internal audit department;

- reviewing the quarterly reports from the internal audit department and assessing the findings of substantial contract review and non-compliance or irregularity matters (if any);

- reviewing the effectiveness of the Group's internal audit function;

- reviewing the results of the internal audit and internal control review by the internal audit department with regard to continuing connected transactions; and

- assessing the risks of certain transactions and making recommendation to the Board for approval.

The annual review of the effectiveness of the risk management and internal control systems for the financial year has been conducted, details of which are set out in the section entitled "(C) Risk Management and Internal Control" below.

Sustainability Committee

The Board set up Sustainability Committee on 18 December 2021. Sustainability Committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board to formulate and review the Group's strategic objectives for sustainable development, and lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability, identify and manage ESG risks, and coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure.

The responsibilities of Sustainability Committee comprise, but are not limited to, the following:

- formulating the Group's vision, strategy and management approach on sustainable development, reviewing and overseeing ESG operation, governance structure and policy, and ensuring continuous compliance with legal and regulatory requirements;

- defining the Group's ESG objectives and relevant implementation rules and effectiveness, and regularly reviewing the progress of objectives accomplishment and reporting to the Board;
- observing the ESG development trend, identifying relevant ESG risks and opportunities;
- reviewing and assessing the appropriateness and effectiveness of the Group's ESG management structure, policy and management approach, updating and adjusting the ESG policy in a timely manner, and reviewing whether the Group's ESG risks are effectively managed and controlled;
- overseeing the communication process between the Group and stakeholders, receiving feedback on ESG work from the Group's internal and external stakeholders, and providing improvement recommendations for the Group's future ESG work;
- considering the impact of the Group's ESG and sustainability on its internal and external stakeholders, including employees, shareholders, local communities and the environment;
- reviewing annual ESG reports prepared in accordance with the Listing Rules and other relevant laws and regulations and reporting to the Board;
- recommending action or decision on relevant matters to the Board to maintain the completeness of ESG reports;
- monitoring and verifying ESG-related staff training, budget and expenditure of the Group;
- monitoring, reviewing, and if required, reporting to the Board on international trends in legislation, regulation, and recommended best practices as regards to ESG, sustainability development, and ethical standards of corporate behaviour;
- advising the Board the sufficiency of resources dedicated to ESG issues; and
- overseeing the Group's community, charitable and environmental partnerships, strategies and related policies, and making recommendations to the Board on any changes to those partnerships, strategies and policies.

Annual Evaluation for the Board and Board Committees

The Company undertakes a performance evaluation of the Board and Board Committees internally on an annual basis. In March 2022, the Board, Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee underwent an annual evaluation of their respective effectiveness and performance, in the form of questionnaire, with regard to the financial year.

The results of the evaluation were that the Board and all Board Committees were found to be operating effectively, there is nothing significant affecting the Board or the Board Committees performance and there is no material issue needed for further discussion. Reporting of matters by all the Board Committees to the Board were found to be clear and adequate. All Directors are satisfied that the Board and Board Committees have the right mix of expertise, experience and skills.

(Sustainability Committee was set up on 18 December 2021. The annual evaluation will cover Sustainability Committee from the financial year of 2022 onwards.)

Meetings

The Board meets regularly to discuss the overall strategy as well as the operational and financial performance of the Group. Board meetings are held at least four times a year at approximately quarterly intervals. Directors may participate either in person or through electronic means of communications. Further, they have independent access to the senior management in respect of operational issues.

The attendance of individual Directors at the Board and Board Committee meetings for the financial year is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting	Sustainability Committee Meeting(1)
No. of meetings held for the year ended 31 December 2021(2)	8	4	2	2	5	–
Executive Directors						
Mr. Ding Shizhong	6/6	–	2/2	–	–	–
Mr. Ding Shijia	6/6	–	–	–	–	–
Mr. Lai Shixian	6/6	–	–	2/2	5/5	–
Mr. Wu Yonghua	8/8	–	–	–	–	–
Mr. Zheng Jie	8/8	–	–	–	–	–
Mr. Bi Mingwei (appointment with effect from 1 July 2021)	5/5	–	–	–	–	–
Non-Executive Director						
Mr. Wang Wenmo	6/6	–	–	–	–	–
Independent Non-Executive Directors						
Mr. Dai Zhongchuan	8/8	4/4	2/2	–	5/5	–
Mr. Yiu Kin Wah Stephen	8/8	4/4	–	2/2	5/5	–
Mr. Lai Hin Wing Henry Stephen	8/8	4/4	2/2	2/2	–	–
Ms. Wang Jiaqian (appointment with effect from 1 July 2021)	5/5	2/2	–	–	2/2	–

Notes:

(1) *Sustainability Committee was set up on 18 December 2021 with first meeting held in early 2022*

(2) *Certain Director(s) were considered to have interest on the matters discussed in the Board/committee meetings and therefore abstained from voting at the meetings.*

All Directors have the opportunity to include matters in the agenda for Board meetings. Sufficient notice of not less than 14 calendar days would be given for regular meetings to all Directors enabling them to attend, and reasonable notice would be given in case of other Board meetings.

Directors are required to have a thorough understanding of the issues being discussed at Board or committee meetings to enable them to contribute to discussions. The Company provides the Board and the Board Committees with adequate, complete and reliable information, in a timely manner, to enable them to make informed decisions. All Directors (and Board Committee members (if applicable)) are provided with relevant materials relating to the matters brought before the meetings at least 3 days in advance.

All Directors do not, in all circumstances, rely purely on information provided voluntarily by management. Where any Director requires more information than is volunteered by the Company, he can make further enquiries where necessary. The Board and individual Directors have separate and independent access to the Company's senior management. All Directors can retain independent professional advisors if necessary, at the Company's expenses. Where queries are raised by Directors, steps would be taken by the Company to respond as promptly and fully as possible.

The company secretary is responsible for preparing the agenda for each Board (and Board Committees) meeting and ensuring the procedures and all applicable laws, rules and regulations are followed. All Directors can seek assistance from the company secretary. The company secretary is also responsible for preparing draft and final versions of Board and Board Committee meeting minutes, and would send to the Directors and Board Committee members for comment (before sign-off) and for their records, within a reasonable time after the meeting. All Directors are entitled to have access to Board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board to make informed decisions.

Conflict of Interest

If a Director (or Board Committee member (if applicable)) has a conflict of interest in relation to a transaction or proposal to be considered by the Board or Board Committees, such transaction or proposal would be dealt with by a physical meeting rather than a written resolution, and the individual is required to declare such interest and to abstain from voting. The matter would be considered at a Board or Board Committee meeting attended by Directors (or Board Committee members (if applicable)) who have no material interest in the transaction.

Company Secretary

The company secretary of the Company is the key adviser to the Board on corporate governance and other regulatory compliance matters, and plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. Any selection, appointment or dismissal of the company secretary would be approved by the Board. The company secretary is responsible for advising the Board through the Chairman on governance matters and facilitating induction and professional development of Directors. The company secretary reports to the Chairman. All Directors have access to the advice and services of the company secretary. The principal responsibilities of the company secretary include, but are not limited to, the following:

- assisting the Company develop and maintain a sound and effective corporate governance framework to ensure compliance and good corporate governance practices;
- keeping abreast of the developments in laws, rules and regulations that may affect the Group’s business and operations, and briefing the Board on these developments;
- ensuring that the Board members receive continuous training in relation to the Group’s business developments and any applicable laws and regulations; and
- providing compliance advice to the Board in the decision-making process, and ensuring full compliance.

Mr. Tse Kin Chung is the company secretary of the Company. He is a full time employee of the Group and has good knowledge of the Company’s affairs. During the financial year, Mr. Tse have duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of Mr. Tse are set out in the section entitled “Directors, Company Secretary and Senior Management” in the annual report.

(B) Financial Reporting and Audit

Financial Reporting

The Board aims to present a clear, balanced, comprehensible and understandable assessment of the Group's performance, position and prospects in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Before approval of any financial or other information, management would provide sufficient explanation and information to the Board to enable it to make an informed assessment. Also, management provides all Directors with regular updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

The Board acknowledges that it is responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, International Financial Reporting Standards, Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Listing Rules have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. 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 Company's external auditor is KPMG. KPMG has confirmed to Audit Committee that they are independent with respect to acting as external auditor to the Company. The work scope and responsibilities of KPMG 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. 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 Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the financial year, the fee payable to KPMG in respect of its audit services provided to the Group (other than joint venture) was RMB9,943,000 (2020: RMB9,068,000). Fees for non-audit services for the financial year comprise service charges for the following:

	2021 RMB'000	2020 RMB'000
Review of interim results	**1,706**	1,843
Tax advisory and compliance (service rendered by other member firm(s))	**619**	1,461
Risk management and Internal control review (service rendered by other member firm(s))	**600**	600
ESG reporting advisory (service rendered by other member firm(s))	**–**	430
Other non-audit services	**–**	120
Total	**2,925**	4,454

(C) Risk Management and Internal Control

Goals and Objectives

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to Risk Management Committee. Risk Management Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Main features of the risk management and internal control systems

The Group's risk governance structure and the main responsibilities of each level of the structure are summarised below:

Board

- determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives;
- ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Risk Management Committee

- assists the Board to perform its responsibilities of risk management and internal control;
- oversees the Group's risk management and internal control systems on an ongoing basis;
- reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control;
- ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and
- considers major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

Management

- designs, implements and maintains appropriate and effective risk management and internal control systems;
- identifies, evaluates and manages the risks that may potentially impact the major processes of the operations;
- monitors risks and takes measures to mitigate risks in day-to-day operations;
- gives prompt responses to, and follow up the findings on risk management and internal control matters raised by the internal audit department or the external risk management and internal control review adviser; and
- provides confirmation to the Board and Risk Management Committee on the effectiveness of the risk management and internal control systems.

Internal Audit Department

- reviews the adequacy and effectiveness of the Group's risk management and internal control systems; and
- reports to Risk Management Committee the findings of the review and makes recommendations to improve the material systems deficiencies or control weaknesses identified.

Process Used to Identify, Evaluate and Manage Significant Risks

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- assesses the risks identified by using the assessment criteria developed by the management; and
- considers the impact on the business and the likelihood of their occurrence.

Risk Response

- prioritises the risks by comparing the results of the risk assessment; and
- determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- revises the risk management strategies and internal control processes in case of any significant change of situation; and
- reports the results of risk monitoring to the management and the Board and Board Committees regularly.

Internal Audit Function

The Group's internal audit function is performed by our internal audit department, which reports directly to Risk Management Committee. The department plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to Risk Management Committee on a regular basis.

The internal audit department conducts audit on material controls, compliance with policies and procedures of the Group at both operational and corporate levels. Plans and tools for corrective actions and control improvements would be identified and communicated with operations management to address any issues, non-compliance or deficiencies identified. The department further monitors the implementation of its recommendations by the operations management and reports the outcome to Risk Management Committee. The internal audit department is also responsible for substantial contract review to identify risk behind and provide recommendation to the operation management.

The internal audit department attends regular Risk Management Committee meetings and reports their work. Significant findings (including any findings of substantial contract review and non-compliance or irregularity matters) can be reported directly and freely to Risk Management Committee. Risk Management Committee ensures sufficient resource (including annual budget and staffing) are allocated to the internal audit department for effective fulfilment of work objectives and responsibilities, and provides all necessary support.

During the financial year, the internal audit department completed various audit plans approved by Risk Management Committee in advance and reported quarterly to Risk Management Committee on the results, for which the working performance was unanimously recognised, such that the Group could be further improved in terms of compliance, internal control, risk response and management.

Risk Management Committee has conducted a review of the internal audit function of the Group for the financial year, and considered the internal audit function was effective.

Annual Review of Effectiveness of Risk Management and Internal Control Systems

The Board and Risk Management Committee oversee the Group's risk management and internal control systems on an ongoing basis, and conduct annual review of the effectiveness of the Group's risk management and internal control systems. The annual review covers all material controls, including financial, operational and compliance controls for the financial year.

Risk Management Committee conducted the annual review of effectiveness of risk management and internal control systems for the financial year and has considered the following:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and internal control systems;
- the extent, frequency and effectiveness of communication of monitoring results to the Board;
- the effectiveness and the quality of work of the internal audit function;
- significant control failings or weaknesses that have been identified during the financial year (if any);
- in respect of any failings or weaknesses identified, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for financial reporting and Listing Rule compliance.

Risk Management Committee (on behalf of the Board) has received a confirmation from management on the effectiveness of risk management and internal control systems for the financial year.

The Group also engaged KPMG Advisory (China) Limited as its risk management and internal control review adviser to assist the review of the effectiveness of the risk management and internal control systems for the financial year. The scope of review was determined and approved by Risk Management Committee. KPMG Advisory (China) Limited has reported major findings and areas for improvement to Risk Management Committee. All recommendations from KPMG Advisory (China) Limited would be properly followed up by the Group to ensure that they would be implemented within a reasonable period of time.

Based on the effectiveness confirmation provided by the management, the regular reports of the internal audit department and the assessment report of KPMG Advisory (China) Limited, the Board and Risk Management Committee concluded that the risk management and internal control systems of the Group for the financial year were effective and adequate.

Whistleblowing Policy

The Group is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and business partners to raise concerns, in confidence, to Audit Committee and the Board about possible improprieties relating to the Group. The identity of the whistleblower would be treated with the strictest confidence.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to maintain internal corporate justice;
- to encourage employees and persons dealing with the Company to raise concerns about possible improprieties relating to the Group and to provide them with confidential reporting channels for such purposes; and
- to enable the Group to remedy a misconduct or malpractice before serious damage is caused.

The whistleblowing policy is applicable to all employees of the Group and to those who deal with the Group (e.g. a customer or a supplier of the Group). Under the whistleblowing system, whistleblower should make a report to raise his concerns to the chairman of Audit Committee or to the Chairman (collectively the "Ethics Officer"). Persons making a report should exercise due care in ensuring accuracy of the information they report to the Ethic Officer. If the report concerns the chairman of Audit Committee or a member of Audit Committee, the whistleblower should raise his concerns to the Chairman; if the report concerns the Chairman, the person should raise his concerns to the chairman of Audit Committee. When making a report, details and supporting evidence (where available) should be provided to the Ethics Officer. Upon receiving the report, the Ethics Officer or such other person as designated by the Ethics Officer shall gather information and conduct preliminary verification, and then discuss the report with Audit Committee (unless the report concerns Audit Committee) to evaluate if an investigation is warranted. If an investigation is considered necessary, the Ethics Officer or such other person as designated by Audit Committee shall conduct an investigation to establish whether any misconduct has occurred. The format of the investigation may vary depending upon the circumstances. The Ethics Officer or such other person as designated by the Ethics Officer shall report findings of an investigation to Audit Committee. On the basis of the findings, Audit Committee shall make recommendations to the Board on actions to be taken. If the investigation concerns the Audit Committee, findings of the investigation shall be reported to the Chairman. Where there is evidence of a possible criminal offence, the matter may be referred to the relevant authorities for further actions. The outcome of the investigation will, to the extent permitted by law, be informed to the whistleblower under the whistleblowing policy.

Information Disclosure Policy

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules, Securities and Futures Ordinance and applicable laws and regulations of the Cayman Islands and Hong Kong, including the "Inside Information" related legislation. The policy regulates the handling and dissemination of inside information, which includes:

- designated reporting channels from different operations informing any potential inside information to designated departments;
- designated persons and departments to determine further escalation and disclosure as required; and
- designated persons authorised to act as spokespersons and respond to external enquiries.

Sustainability and ESG Related Matters

Sustainability Committee has been set up by the Board for sustainability and ESG related matters. The committee is responsible for risk management related to ESG and shall identify, assess, respond to and monitor ESG risks. For details, please refer to the Company's *Environmental, Social and Governance Report 2021* to be published in mid May 2022.

(D) Shareholders' Rights, Communications with Shareholders and Investor Relations

Shareholders Information

The Company analyses its shareholding structure on a regular basis, including a review of the register of institutional and retail investors, to keep track of changes in shareholdings by type of investors. A shareholding register analysis conducted as at 31 December 2021 revealed the shareholding structure as follows:

Shareholders by Domicile

	% of Total Issued Shares
Hong Kong	64.8
North America	10.0
Mainland China	9.8
United Kingdom	4.4
Europe (ex-United Kingdom)	2.2
Singapore	1.1
Rest of the World	7.7
Total	100.0

The public float capitalisation at 31 December 2021 was RMB108,873 million, representing 41.83% of the market capitalisation of the Company.

Shareholders' Rights

Enquiries to the Board

The Company values feedback from Shareholders on its efforts to promote transparency and foster investor relationships. 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 and transfer office 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 "Investor Information" in the annual report.

General Meetings

General meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. An extraordinary general meeting may be convened for approval of a matter as required under the Articles, the Listing Rules or other relevant rules and regulations.

For each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. "Bundling" resolutions would be avoided unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

In respect of any AGM, the Chairman would attend the AGM and also invite the chairmen of the Board Committees to attend. In their absence, another member of the committee or failing this his duly appointed delegate will be invited to attend the AGM. These persons will be available to answer questions at the AGM. The chairman of the independent board committee (if any) would also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. The Company's management would ensure the external auditor attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

General meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM would be 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 notice of all other general meetings would be sent at least 10 clear business days prior to the meeting. The chairman of a general meeting would exercise 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 would be explained and questions from Shareholders on voting by poll would be answered at the meeting. Voting results would be posted on the websites of the Company and Hong Kong Stock Exchange on the day of the general meeting.

The 2021 AGM was held at Regus Business Centre, 35/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on 7 May 2021. Certain measures were taken to prevent and control the Pandemic, including:

- compulsory body temperature checks and health declarations;
- wearing of surgical face masks at the AGM venue and throughout the AGM; and
- no distribution of corporate gift and no serving of refreshment.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminded all Shareholders that physical attendance in person at the AGM was not necessary for the purpose of exercising voting rights. As an alternative, by using form of proxy with voting instructions inserted, Shareholders might appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

All of the Directors (except Mr. Bi Mingwei and Ms. Wang Jiaqian who were appointed with effect from 1 July 2021) attended the AGM to gain and develop a balanced understanding of the views of the Shareholders. The attendance record of the Directors at the AGM is set out below:

	AGM
Executive Directors	
Mr. Ding Shizhong	1/1
Mr. Ding Shijia	1/1
Mr. Lai Shixian	1/1
Mr. Wu Yonghua	1/1
Mr. Zheng Jie	1/1
Non-Executive Director	
Mr. Wang Wenmo	1/1
Independent Non-Executive Directors	
Mr. Dai Zhongchuan	1/1
Mr. Yiu Kin Wah Stephen	1/1
Mr. Lai Hin Wing Henry Stephen	1/1

The matters proposed to be passed by ordinary resolutions of the Company at the AGM were, including but not limited to, as follows:

- approval of audited consolidated financial statements of the Company for the year ended 31 December 2020;
- declaration of a final dividend of HK47 cents per ordinary shares of the Company in respect of the year ended 31 December 2020;
- re-election and re-appointment of Mr. Ding Shijia, Mr. Zheng Jie, Mr. Yiu Kin Wah Stephen and Mr. Lai Hin Wing Henry Stephen as Directors of the Company;
- re-appointment of KPMG as the Company's auditors; and
- approval of Issue Mandate, Repurchase Mandate and Extension Mandate (as defined in the circular of the Company dated 1 April 2021).

At the AGM, all resolutions were voted by way of poll. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, acted as the scrutineer for the vote-taking at the AGM. More than 50% of the votes were cast in favour of each of the resolutions, all resolutions were duly passed as ordinary resolutions of the Company. The Company announced the results of the poll on the websites of Hong Kong Stock Exchange and the Company in accordance with the Listing Rules on the same date.

No other general meeting was held during the financial year.

Convening Extraordinary General Meeting(s)

Shareholders 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 shareholders and deposited at the registered office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong. The requisition may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the extraordinary general meeting.

Such extraordinary general meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene an extraordinary general meeting in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board would be reimbursed to the requisitionists by the Company.

Procedure for Shareholders to Propose a Person for Election as Director

Pursuant to article 88 of the Company's articles of association if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Board, for election as a Director at a general meeting, such Shareholder (other than the person to be proposed), who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the head office of the Company at Dongshan Industrial Zone, Chidian Town, Jinjiang City, Fujian Province, the People's Republic of China, Postal Code: 362212 or at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least seven 7 days.

Putting Forward Proposals at General Meetings

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.

Constitutional Documents

During the financial year, there were no changes in any of the Company's constitutional documents. The constitutional document of the Company was published on the Company's investor relations website (ir.anta.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

Dividend Policy

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow Shareholders to participate in the Company's profit and for the Company to retain adequate reserves for future growth. Under the dividend policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may declare and pay dividends to the Shareholders.

In proposing any dividend payout, the Company would consider various factors including:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital and investment requirements, and future expansion plans and prospects;
- general economic and financial conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deem appropriate.

The dividend policy and the declaration and/or payment of future dividends under the policy are subject to the Board's continuing determination that the dividend policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all applicable laws and regulations. Any declaration and payment of dividends shall be approved in accordance with all applicable laws and regulations, and the memorandum and articles of association of the Company (as amended from time to time). Any declaration and payment of dividends shall remain to be determined at the sole discretion of the Board. There is no assurance that dividends will be paid in any particular amount for any given period. The dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Shareholders' Communication Policy

The Board has adopted a shareholders' communication policy which aims to ensure the Company's shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Board maintains an on-going dialogue with Shareholders and the investment community, and regularly reviews the policy to ensure its effectiveness. Information are communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), ESG report and general meetings, as well as by making available all the disclosures submitted to Hong Kong Stock Exchange and its corporate communications and other corporate publications on the Company's website. Head of investor relation department of the Company has access to the Board and at all time ensures effective and timely dissemination of information to Shareholders and the investment community.

The Company also recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by the relevant laws and regulations.

The communication strategies under the shareholders' communication policy are as follows:

Shareholders' Enquiries

- shareholders may direct their questions about their shareholdings to the Company's share registrars;
- shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available; and
- shareholders and the investment community are provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communications

- corporate communication documents (including annual report, interim report, ESG report, notice of meeting, circular and proxy form) would be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means); and
- shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Website

- information on the Company's investor relations website (ir.anta.com) is updated on a regular basis;
- information released by the Company to Hong Kong Stock Exchange would be also posted on the Company's investor relations website as soon as possible thereafter. Such information includes, but not limited to, financial statements, results announcements, ESG reports, circulars and notices of general meetings and associated explanatory documents;

- all presentation materials provided in conjunction with the Company's annual and interim results announcement and other investor relations activities will be made available on the Company's investor relations website as soon as practicable after their release;

- all investor relation press releases issued by the Company would be made available on the Company's investor relations website as soon as practicable after their releases; and

- webcasts of the Company's annual and interim results briefings will be made available on the Company's investor relations website as soon as practicable after the event.

Shareholders' Meetings

- shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;

- the process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served; and

- board members, in particular, the chairmen of Board Committees or their delegates and external auditor would, where appropriate, attend annual general meetings to answer Shareholders' questions.

Investment Market Communications

- investor/analyst briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities and specialist industry forums would be available when and if appropriate, in order to facilitate communication between the Company, Shareholders and the investment community; and

- directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's information disclosure policy mentioned above.

The Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy of the Company, and concluded that the policy was implemented effectively during the financial year.

Investor Relations

The Company believes that effective communication with the investment community in a timely manner through various media is essential. The Company's investor relations department focuses on provision of relevant public information to investors and analysts to enable them to make appropriate valuation of the Company's shares or any securities issued by the Group. Through regular briefings, investor conferences and roadshow, institutional investors and analysts can interact with the Chairman and other senior management for updates on the development of the Group's strategic initiatives and operations.

During the financial year, the following investor relations activities were conducted for the institutional investors and analysts in Hong Kong, Mainland China and overseas countries:

- small group/one-on-one meetings

- non-deal roadshows

- analyst briefings

- investor conferences

CORPORATE GOVERNANCE REPORT

During the financial year, over 220 investor relations activities were conducted. As affected by the Pandemic, most of the investor relations activities were conducted via webcast/teleconferencing.

Investment community views are communicated regularly to the Board, including rating and target price of the Shares and summaries of questions and feedback from investors and analysts. During the financial year, investors' major areas of interest included:

- operational updates of the Group;
- the Group's recent operations and the joint venture's recent performance under the lingering Pandemic and supply chain disruptions;
- the Group's and the joint venture's development strategies;
- latest developments regarding the DTC model for ANTA brand business and FILA brand business;
- the declaration of the special interim dividend for the financial year; and
- the Company's announcement dated 19 December 2021 in relation to potential grant of awarded shares and potential issue of new shares under the general mandate pursuant to the Share Award Scheme.

For share information, important shareholders' dates in the coming financial year and investor relation contact, please refer to the section entitled "Investors Information" in the annual report.

By order of the Board

Ding Shizhong
Chairman

Hong Kong, 22 March 2022

DIRECTORS , COMPANY SECRETARY AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 51, is the Chief Executive Officer, an Executive Director and the Board Chairman of the Company. He is primarily responsible for the overall corporate strategies, planning and business development of the Group. He is the co-founder of the Group and has dedicated to expanding and promoting the Group's business and to developing China's sporting goods industry. In 2014 and 2018, he was awarded the title of Outstanding Contributor to the Building of Socialism with Chinese Characteristics, 2014 Chinese Business Leaders Annual Award, Top 40 Most Influential Entrepreneurs of Fujian in 40 years of the Chinese Economic Reform and 2018 China Top Ten Economic Person of the Year. He is holding the public offices of National People's Congress deputy, deputy chairman of China Sporting Goods Federation, vice president of Samaranch Foundation, advisor of the Chinese Basketball Association and member of the Chinese Olympic Committee. Mr. Ding is the younger brother of Mr. Ding Shijia and the brother-in-law of Mr. Lai Shixian, all of whom both are the Company's Executive Directors, and the cousin of Mr. Wang Wenmo, the Company's Non-Executive Director. He is also a director of Anta International, a substantial shareholder of the Company.

Mr. Ding Shijia (丁世家), aged 57, is an Executive Director and the Board Deputy Chairman of the Company. He is primarily responsible for the Group's supply chain management and manufacturing functions. He is the co-founder of the Group and has over 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. From December 2011 to December 2016, Mr. Ding was Jinjiang City People's Congress standing committee member. Mr. Ding is the elder brother of Mr. Ding Shizhong and the brother-in-law of Mr. Lai Shixian, both are the Company's Executive Directors, and the cousin of Mr. Wang Wenmo, the Company's Non-Executive Director. He is also a director of Anta International, a substantial shareholder of the Company.

Mr. Lai Shixian (賴世賢), aged 47, is an Executive Director and Chief Financial Officer of the Company. He is primarily responsible for the Group's administrative and financial management functions. He joined the Group in March 2003 and has over 20 years of experience in administrative and financial management. Mr. Lai holds an EMBA degree from China Europe International Business School. From 2011 to 2017, Mr. Lai was a member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Lai is currently a standing committee member of Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference, the vice president of Fujian Federation of Industry and Commerce (General Chamber of Commerce) and the vice chairman of Quanzhou City of Industry and Commerce (General Chamber of Commerce). Mr. Lai is the brother-in law of Mr. Ding Shizhong and Mr. Ding Shijia, both are the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234), a company listed on the Hong Kong Stock Exchange.

Mr. Wu Yonghua (吳永華), aged 51, is an Executive Director of the Company and the CEO of the Performance Sports Group. He is primarily responsible for various performance sports brands. He joined the Group in October 2003 and has over 20 years of experience in sales and marketing in China.

Mr. Zheng Jie (鄭捷), aged 53, is an Executive Director of the Company, Group President and the CEO of the Outdoor Sports Group. He is primarily responsible for various outdoor sports brands and the Group's corporate strategy, international affairs and overall marketing matters. He joined the Group in October 2008 and has over 20 years of experience in the field of marketing management, including over 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. He is the co-chairman of the World Federation of The Sporting Goods Industry (WFSGI).

Mr. Bi Mingwei (畢明偉), aged 49, is an Executive Director of the Company and a vice president of the Group. He is primarily responsible for various middle and back office functions of the Group including operation financial management, business process and information management and logistics management, etc. He joined the Group in May 2007 and has over 20 years of experience in financial management and the sportswear industry. Mr. Bi holds a bachelor's degree of accounting from the University of International Business and Economics in China. He is a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Bi is a Fujian Province People's Congress deputy.

DIRECTORS , COMPANY SECRETARY AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Wang Wenmo (王文默), aged 65, is a Non-Executive Director of the Company and was the Company's Executive Director from June 2007 to February 2019. He joined the Group in 1999 and has over 30 years of experience in the apparel industry. He was primarily responsible for the management of the Group's apparel operations. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors.

Independent Non-Executive Directors

Mr. Dai Zhongchuan (戴仲川), aged 56, is an 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 officer of rule of country law research center 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 and a constitution and law committee member of the Fujian Provincial People's Congress, an arbitrator of Quanzhou Municipal Arbitration Commission and a vice-chairman of National Committee of the Chinese People's Political Consultative Conference of Quanzhou. Mr. Dai is an independent director of Rong Zhong Electric Equipment Co., Ltd (stock code: 872967) listed on National Equities Exchange and Quotations (NEEQ). Mr. Dai was an independent director of Xingye Leather Technology Co., Ltd (stock code: 002674) listed on Shenzhen Stock Exchange from December 2013 to December 2019 , and Fujian Fengzhu Textile Science & Technology Co., Ltd (stock code: 600493) listed on Shanghai Stock Exchange from May 2013 to April 2019.

Mr. Yiu Kin Wah Stephen (姚建華), aged 61, is an Independent Non-Executive Director of the Company and joined the Board in June 2018. He received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University of Warwick in the United Kingdom. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants of England and Wales. He is currently the chairman and a non-executive director of the Insurance Authority, a member of the Exchange Fund Advisory Committee, a member of the Independent Commission Against Corruption Complaints Committee, and the treasurer and a council member of The Hong Kong University of Science and Technology, and a director of Hong Kong Academy of Finance. Mr. Yiu is an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388) and China Mobile Limited (stock code: 941), both of which are listed on the Hong Kong Stock Exchange. Mr. Yiu joined the global accounting firm KPMG in Hong Kong in 1983 and was seconded to KPMG London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the partner in charge of audit of KPMG from 2007 to 2010, and served as the chairman and chief executive officer of KPMG China and Hong Kong as well as a member of the executive committee and the board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu formerly also served as a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants.

Mr. Lai Hin Wing Henry Stephen (賴顯榮), aged 65, is an Independent Non-Executive Director of the Company and joined the Board in November 2020. He received a bachelor of law degree from The University of Hong Kong and was admitted as a solicitor in Hong Kong, England and Wales and the State of Victoria, Australia. Mr. Lai is a partner and co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong, and has been practicing in the legal field for more than thirty years. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong. Mr. Lai is a non-executive director of Winfull Group Holdings Limited (stock code: 183) and China Medical & HealthCare Group Limited (stock code: 383), which are listed on the Hong Kong Stock Exchange.

Ms. Wang Jiaqian (王佳茜), aged 42, is an Independent Non-Executive Director of the Company and joined the Board in July 2021. She holds a bachelor's degree in English from the Nanjing University and a master's degree in finance from the Peking University in China. She is currently Director of Planning and Governance of Chanel Asia Pacific and a member of Executive Leadership Committee of Chanel Mainland China of Chanel Limited, leading strategic planning cycle and client-centric data transformation businesses. Ms. Wang was employed by Boston Consulting Group, a global management consulting firm, from September 2010 to June 2019 with her last position as Managing Director and Global Partner. She has over 15 years of experience in strategy and business consulting in retail and consumer products sector.

Company Secretary

Mr. Tse Kin Chung (謝建聰), aged 41, is the company secretary of the Company. He has over 15 years of experience in the field of auditing and financial management. He joined the Group in 2007 and is currently the financial controller of the Group, responsible for financial management, risk management, internal control and compliance matters. He obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above.

Only the Executive Directors, Chief Executive Officer and Chief Financial Officer are regarded as members of the Group's senior management.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ANTA Sports Products Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 117 to 188, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Sales to distributors

Refer to note 1(a) to the consolidated financial statements on page 121 and the accounting policy (W)(i) on page 177.

The key audit matter	How the matter was addressed in our audit
Revenue of sales to distributors principally comprises revenue from sales of branded sporting goods, including footwear, apparel and accessories. Every year, the Group enters into a framework distribution agreement with each distributor and, in accordance with the terms of each agreement, branded sporting goods of the Group are delivered to the location designated by the distributor which is when the control of the sporting goods is considered to have been transferred to the distributor and the point at which revenue is recognised. Under the Group's wholesale business model, distributors place most of their orders during the various trade fairs held by the Group during the reporting period. We identified recognition of revenue of sales to distributors as a key audit matter due to the inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations under the wholesale business model.	Our audit procedures to assess the recognition of revenue of sales to distributors included the following: • inspecting agreements with distributors, on a sample basis, to understand the terms of the sales transactions including the terms of delivery, applicable rebate and/or discount arrangements and any sales return arrangements to assess if the Group's revenue recognition criteria were in accordance with the requirements of the prevailing accounting standards; • assessing, on a sample basis, whether specific revenue transactions around the reporting period end had been recognised in the appropriate period in accordance with the terms of sale as set out in the distribution agreements; • identifying significant credit notes issued and sales returns from the sales ledger after the reporting period end and inspecting relevant underlying documentation to assess if the related revenue had been accounted for in the correct accounting period in accordance with the requirements of the prevailing accounting standards; • obtaining external confirmations of the value of sales transactions for the reporting period and outstanding trade receivable balances as at the end of the reporting period directly from distributors, on a sample basis; and • inspecting a sample of journal entries, applying a risk-based approach, on revenue recognised during the reporting period, enquiring of management about the reasons for such entries and comparing the details of the entries with relevant underlying documentation.

Valuation of inventories

Refer to note 18 to the consolidated financial statements on page 137 and the accounting policy (K) on page 173.

The key audit matter	How the matter was addressed in our audit
The Group adopts direct to consumer business model for the ANTA brand for certain regions in Mainland China. Together with direct retail business model for FILA and other brands in Mainland China and other territories, a significant level of inventory is maintained to support the Group's overall operations. Inventories are stated at cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as write-down of inventories. Management applies judgement in determining the net realisable value of inventories. Net realisable value is determined by management based upon a detailed analysis of the ageing profile of the inventories, with reference to the current marketability and latest selling prices of the respective inventories and the current retail market conditions existing at the end of the reporting period. We identified the valuation of inventories as a key audit matter as significant management judgement is involved in determining the net realisable value of inventories.	Our audit procedures to assess the valuation of inventories included the following: • performing a retrospective review by comparing the carrying values of inventories as at 31 December 2020 with sales prices achieved during the reporting period to assess the reliability of management's judgement and whether there is any indication of management bias; • evaluating the historical accuracy of management's assessment of net realisable value of inventories by examining, on a sample basis, the sales and utilisation during the current reporting period; • enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing, on a sample basis, the carrying value of inventories to actual prices for sales transactions subsequent to the end of reporting period; • evaluating the reasonableness of the percentages and other parameters adopted in the Group's policy on the net realisable value calculation by comparing the net realisable value with selling price achieved subsequent to the end of reporting period; • assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the individual items selected with the underlying records which indicated the product season of the item; and • assessing whether the net realisable value of inventories and the subsequent write-down of inventories (if any) at the end of reporting period were calculated in a manner consistent with the Group's policy by recalculating based on percentages and other parameters adopted and considering the application of the Group's policy with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Yu Hei.

KPMG

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

22 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Revenue	1(a)	**49,328**	35,512
Cost of sales		**(18,924)**	(14,861)
Gross profit		**30,404**	20,651
Other net income	2	**1,266**	1,389
Selling and distribution expenses		**(17,753)**	(10,766)
Administrative expenses		**(2,928)**	(2,122)
Profit from operations		**10,989**	9,152
Net finance income/(costs)	3	**332**	(462)
Share of loss of a joint venture	16	**(81)**	(601)
Profit before taxation	4	**11,240**	8,089
Taxation	5	**(3,021)**	(2,520)
PROFIT FOR THE YEAR		**8,219**	5,569
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		**(341)**	(44)
Share of other comprehensive income/(loss) of a joint venture	16	**329**	(302)
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)		**22**	6
Share of other comprehensive income of a joint venture	16	**48**	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,277**	5,238
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		**7,720**	5,162
Non-controlling interests		**499**	407
PROFIT FOR THE YEAR		**8,219**	5,569
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		**7,778**	4,831
Non-controlling interests		**499**	407
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,277**	5,238
		RMB	RMB
Earnings per share	8		
– Basic		**2.87**	1.92
– Diluted		**2.81**	1.89

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Non-current assets			
Property, plant and equipment	10	**2,853**	2,184
Right-of-use assets	11	**6,611**	4,108
Construction in progress	12	**926**	545
Prepayments for acquisition of land use rights and other non-current assets	13	**43**	46
Intangible assets	14	**1,531**	1,579
Investment in a joint venture	16	**9,027**	9,658
Other investments	17	**722**	70
Deferred tax assets	25(b)	**1,053**	960
Total non-current assets		**22,766**	19,150
Current assets			
Inventories	18	**7,644**	5,486
Trade receivables	19	**3,296**	3,731
Other current assets	19	**3,618**	2,883
Other investments	17	**763**	270
Pledged deposits	20	**4**	1
Fixed deposits held at banks with maturity over three months	20	**6,985**	5,023
Cash and cash equivalents	20	**17,592**	15,323
Total current assets		**39,902**	32,717
Total assets		**62,668**	51,867
Current liabilities			
Borrowings	21	**1,748**	1,968
Trade payables	22	**3,146**	2,376
Other current liabilities	22	**6,930**	4,539
Payable to non-controlling interests		**39**	33
Lease liabilities		**2,237**	1,273
Amounts due to related parties	31(b)	**27**	19
Current taxation	25(a)	**1,816**	1,507
Total current liabilities		**15,943**	11,715
Net current assets		**23,959**	21,002
Total assets less current liabilities		**46,725**	40,152
Non-current liabilities			
Borrowings	21	**11,425**	12,456
Payable to non-controlling interests		**74**	99
Lease liabilities		**2,908**	1,246
Deferred tax liabilities	25(b)	**655**	527
Total non-current liabilities		**15,062**	14,328
Total liabilities		**31,005**	26,043
Net assets		**31,663**	25,824
Equity			
Share capital	26	**261**	261
Reserves	27	**28,662**	23,752
Total equity attributable to equity shareholders of the Company		**28,923**	24,013
Non-controlling interests		**2,740**	1,811
Total liabilities and equity		**62,668**	51,867

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

Ding Shizhong
Chairman, Executive Director and Chief Executive Officer

Lai Shixian
Executive Director and Chief Financial Officer

Hong Kong, 22 March 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Attributable to equity shareholders of the Company Share capital RMB'million	Reserves RMB'million	Total RMB'million	Non-controlling interests RMB'million	Total equity RMB'million
Balances as at 1 January 2020		261	19,821	20,082	979	21,061
Changes in equity for 2020:						
– Profit for the year		–	5,162	5,162	407	5,569
– Other comprehensive loss for the year		–	(331)	(331)	–	(331)
Total comprehensive income for the year		–	4,831	4,831	407	5,238
Dividends approved in respect of the previous year	28(b)	–	(903)	(903)	–	(903)
Dividends declared in respect of the current year	28(a)	–	(501)	(501)	–	(501)
Shares purchased under share award scheme	24(b)	–	(464)	(464)	–	(464)
Shares issued under share option schemes	26	–	21	21	–	21
Equity-settled share-based payment transactions	27(f)	–	324	324	–	324
Issuance of convertible bonds	21(c)	–	463	463	–	463
Capital contribution by non-controlling interests of subsidiaries		–	–	–	34	34
Dividends to non-controlling interests of subsidiaries		–	–	–	(77)	(77)
Capital contribution-in-kind by non-controlling interests and dilution of interests in a subsidiary		–	279	279	473	752
Acquisition of partial interests in a subsidiary		–	(119)	(119)	(5)	(124)
Balances as at 31 December 2020 and 1 January 2021		**261**	**23,752**	**24,013**	**1,811**	**25,824**
Changes in equity for 2021:						
– Profit for the year		**–**	**7,720**	**7,720**	**499**	**8,219**
– Other comprehensive income for the year		**–**	**58**	**58**	**–**	**58**
Total comprehensive income for the year		**–**	**7,778**	**7,778**	**499**	**8,277**
Dividends approved in respect of the previous year	28(b)	**–**	**(1,054)**	**(1,054)**	**–**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**(2,026)**	**(2,026)**	**–**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**168**	**168**	**–**	**168**
Share of other reserves of a joint venture	16	**–**	**44**	**44**	**–**	**44**
Capital contribution by non-controlling interests of subsidiaries		**–**	**–**	**–**	**475**	**475**
Dividends to non-controlling interests of subsidiaries		**–**	**–**	**–**	**(45)**	**(45)**
Balances as at 31 December 2021		**261**	**28,662**	**28,923**	**2,740**	**31,663**

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RMB'million	2020 RMB'million
Operating activities			
Profit before taxation		**11,240**	8,089
Adjustments for:			
– Depreciation of property, plant and equipment	10	**443**	414
– Depreciation of right-of-use assets	11	**2,694**	1,589
– Amortisation of intangible assets	14	**129**	76
– Dividend income	2	**(2)**	(2)
– Interest expenses	3	**443**	407
– Interest income	3	**(392)**	(271)
– Net loss on disposal of property, plant and equipment	2	**9**	7
– Gain on disposal of partial interests in a joint venture	2	**–**	(14)
– (Reversal of impairment loss)/impairment loss of trade receivables	4(b)	**(22)**	6
– Write-down of inventories	18(b)	**75**	172
– Share of loss of a joint venture	16	**81**	601
– COVID-19-related net concessions received		**(18)**	(131)
– Equity-settled share-based payment transactions	4(a)	**168**	324
– Net foreign exchange (gain)/loss		**(382)**	326
Changes in working capital			
– Increase in inventories		**(2,233)**	(1,253)
– Increase in trade receivables and other current assets		**(178)**	(304)
– Increase/(decrease) in trade payables and other current liabilities		**2,121**	(648)
– Increase/(decrease) in amounts due to related parties		**8**	(7)
Cash generated from operations		**14,184**	9,381
Income tax paid		**(2,677)**	(2,181)
Interest received		**354**	258
Net cash generated from operating activities		**11,861**	7,458
Investing activities			
Payments for purchase of property, plant and equipment		**(779)**	(424)
Payments for construction in progress		**(581)**	(225)
Payments for purchase of intangible assets		**(94)**	(84)
Payments for leasehold land		**(39)**	(118)
Net payments of other investments		**(1,131)**	(287)
Placements of pledged deposits		**(6)**	–
Uplift of pledged deposits		**3**	3
Placements of fixed deposits held at banks with maturity over three months		**(19,451)**	(13,458)
Uplift of fixed deposits held at banks with maturity over three months		**17,349**	12,385
Proceeds from disposal of partial interests in a joint venture		**–**	235
Other cash flows derived from investing activities		**60**	50
Net cash used in investing activities		**(4,669)**	(1,923)
Financing activities			
Drawdowns of new bank loans	20(b)	**652**	964
Repayments of bank loans	20(b)	**(848)**	(4,307)
Payments of interest expense on bank loans	20(b)	**(71)**	(152)
Net repayments of bills of exchange	20(b)	**–**	(200)
Net proceeds from issuance of convertible bonds	20(b)	**–**	7,678
Net proceeds from issuance of medium term notes	20(b)	**–**	998
Payments of interest expense on medium term notes	20(b)	**(40)**	–
Payments of lease liabilities	20(b)	**(2,637)**	(1,699)
Proceeds from shares issued under share option schemes	26	**–**	21
Payments for shares purchased under share award scheme	24(b)	**–**	(464)
Dividends paid to equity shareholders of the Company	28	**(2,411)**	(1,404)
Capital contribution by non-controlling interests of subsidiaries		**475**	–
Dividends paid to non-controlling interests of subsidiaries		**(45)**	(77)
Payment for acquisition of partial interests in a subsidiary		**–**	(124)
Other cash flows derived from financing activities		**(22)**	(5)
Net cash (used in)/received from financing activities		**(4,947)**	1,229
Net increase in cash and cash equivalents		**2,245**	6,764
Cash and cash equivalents as at 1 January		**15,323**	8,221
Effect of foreign exchange rate changes		**24**	338
Cash and cash equivalents as at 31 December	20(a)	**17,592**	15,323

The notes, significant accounting policies and principal subsidiaries on pages 121 to 188 form part of these financial statements.

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16.

The Group's (other than the joint venture) revenue, expenses, results, assets and liabilities are predominantly attributable to a single geographical region, which is China. Therefore, no analysis by geographical regions is presented.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax. Disaggregation of revenue from contracts with customers by product categories is as follows:

	2021 RMB'million	2020 RMB'million
Footwear	**19,139**	12,700
Apparel	**28,632**	21,671
Accessories	**1,557**	1,141
	49,328	35,512

For the year ended 31 December 2021, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2020: Nil).

The Group has applied practical expedient in paragraph 121 of IFRS/HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting

Chief Executive Officer and senior management team are the Group's chief operating decision-makers (the "CODMs"). The CODMs review the Group's internal reports periodically in order to assess performance and allocate resources from a brand perspective. Consistent with the way in which information is reported internally to the CODMs, the Group has presented two reportable segments of ANTA brand and FILA brand, respectively. Other than the two reportable segments, all other operating segments have been aggregated and presented as "all other brands". The segment information for the reporting period is as follows:

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarter and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2021					
Revenue					
– Revenue from external customers	24,012	21,822	3,494	–	49,328
Gross profit	12,528	15,394	2,482	–	30,404
Results	5,145	5,339	644	(139)	10,989
– Net finance income	–	–	–	332	332
– Share of loss of a joint venture	–	–	–	(81)	(81)
Profit before taxation	5,145	5,339	644	112	11,240
As at 31 December 2021					
Assets					
– Investment in a joint venture	–	–	–	9,027	9,027
– Other investments	–	–	–	1,485	1,485
– Deferred tax assets	–	–	–	1,053	1,053
– Other assets	21,995	12,851	3,972	12,550	51,368
Reconciliation:					
– Elimination of internal borrowings	–	–	–	(265)	(265)
Total assets	21,995	12,851	3,972	23,850	62,668
Liabilities					
– Borrowings	–	–	–	13,173	13,173
– Current taxation	–	–	–	1,816	1,816
– Deferred tax liabilities	–	–	–	655	655
– Other liabilities	6,904	5,968	1,485	1,269	15,626
Reconciliation:					
– Elimination of internal borrowings	(26)	–	(239)	–	(265)
Total liabilities	6,878	5,968	1,246	16,913	31,005

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarter and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2020					
Revenue					
– Revenue from external customers	15,749	17,450	2,313	–	35,512
Gross profit	7,035	12,092	1,524	–	20,651
Results	4,527	4,494	195	(64)	9,152
– Net finance costs	–	–	–	(462)	(462)
– Share of loss of a joint venture	–	–	–	(601)	(601)
Profit/(loss) before taxation	4,527	4,494	195	(1,127)	8,089
As at 31 December 2020					
Assets					
– Investment in a joint venture	–	–	–	9,658	9,658
– Other investments	–	–	–	340	340
– Deferred tax assets	–	–	–	960	960
– Other assets	16,259	9,927	3,337	11,723	41,246
Reconciliation:					
– Elimination of internal borrowings	–	(25)	–	(312)	(337)
Total assets	16,259	9,902	3,337	22,369	51,867
Liabilities					
– Borrowings	–	–	–	14,424	14,424
– Current taxation	–	–	–	1,507	1,507
– Deferred tax liabilities	–	–	–	527	527
– Other liabilities	4,786	3,792	1,148	196	9,922
Reconciliation:					
– Elimination of internal borrowings	(10)	(29)	(273)	(25)	(337)
Total liabilities	4,776	3,763	875	16,629	26,043

For reconciliation purpose, "Headquarter and unallocated items" is also presented in the segment information.

Certain classifications have been changed to reflect the change of information reported internally to the CODMs. Certain comparative figures have been restated to conform to the current year's presentation.

(Expressed in Renminbi unless otherwise indicated)

2. Other Net Income

	2021 RMB'million	2020 RMB'million
Government grants(i)	1,166	1,286
Net loss on disposal of property, plant and equipment	(9)	(7)
Dividend income from equity investments	2	2
Gain on disposal of partial interests in a joint venture	–	14
Others	107	94
	1,266	1,389

(i) *Government grants were received or receivable from several local government authorities as a recognition of the Group's contribution towards the local economic development, of which the entitlement was unconditional and at the discretion of the relevant authorities.*

3. Net Finance Income/(Costs)

	2021 RMB'million	2020 RMB'million
Total interest income on financial assets measured at amortised cost	392	271
Net gain on forward foreign exchange contracts and currency option contracts	9	11
Other net foreign exchange gain	374	–
	775	282
Interest expense on lease liabilities	(205)	(144)
Total interest expense on other financial liabilities measured at amortised cost	(238)	(263)
Other net foreign exchange loss	–	(337)
	(443)	(744)
Net finance income/(costs)	332	(462)

4. Profit Before Taxation

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

		2021 RMB'million	2020 RMB'million
(a)	**Staff costs[(i) & (ii)]:**		
	Salaries, wages and other benefits	**5,868**	3,904
	Contributions to defined contribution retirement plans	**632**	209
	Equity-settled share-based payment transactions (note 27(f))	**168**	324
		6,668	4,437
(b)	**Other items:**		
	Cost of inventories[(i)] (note 18(b))	**18,924**	14,861
	Research and development costs[(i) & (ii)]	**1,116**	871
	Subcontracting charges[(i)]	**349**	174
	Depreciation[(i)]		
	– Property, plant and equipment (note 10)	**443**	414
	– Right-of-use assets (note 11)	**2,694**	1,589
	Amortisation of intangible assets (note 14)	**129**	76
	(Reversal of impairment loss)/impairment loss of trade receivables (note 19)	**(22)**	6
	Variable lease payments not included in the measurement of lease liabilities	**3,023**	2,107
	Auditors' remuneration	**12**	11

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB2,358 million (2020: RMB1,812 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB392 million (2020: RMB318 million) are included in the staff costs as disclosed above.

(Expressed in Renminbi unless otherwise indicated)

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

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

	2021 RMB'million	2020 RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	**2,770**	2,421
Dividends withholding tax	**216**	42
Deferred tax (note 25(b))		
Dividends withholding tax	**(216)**	(42)
Origination and reversal of other temporary differences	**251**	99
	3,021	2,520

(i) *In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries in Mainland China are entitled to tax concessions whereby the profits of these subsidiaries are taxed at a preferential income tax rate. Taxation of the Group's other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.*

(ii) *Taxation for subsidiaries in other tax jurisdictions amounting to RMB3 million (2020: RMB2 million) was charged at the appropriate current rates under the relevant taxation rulings.*

(iii) *According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China 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 Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income 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 Mainland China if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the Mainland China 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 tax authority on dividends distributed by the Group's subsidiaries in the Mainland China during the financial year.

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

	2021 RMB'million	2020 RMB'million
Profit before taxation	**11,240**	8,089
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	**2,711**	2,274
Tax effect of non-deductible expenses	**113**	135
Tax effect of non-taxable income	**(67)**	(98)
Tax effect of unused tax losses not recognised	**34**	44
Withholding tax on profits retained by Mainland China subsidiaries (note 5(a)(iii))	**315**	309
Effect of tax concessions (note 5(a)(i))	**(85)**	(144)
Actual tax expense	**3,021**	2,520

6. Directors' Emoluments

Details of directors' emoluments 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	Discretionary bonuses RMB'000	Equity-settled share-based payment transaction (Note) RMB'000	Total RMB'000
Year ended 31 December 2021						
Executive Directors						
Mr. Ding Shizhong	**–**	**1,080**	**79**	**532**	**–**	**1,691**
Mr. Ding Shijia	**–**	**1,000**	**79**	**–**	**–**	**1,079**
Mr. Lai Shixian	**–**	**1,500**	**79**	**–**	**16,032**	**17,611**
Mr. Wu Yonghua	**–**	**2,000**	**79**	**–**	**–**	**2,079**
Mr. Zheng Jie	**–**	**11,026**	**121**	**3,600**	**–**	**14,747**
Mr. Bi Mingwei(i)	**–**	**838**	**43**	**380**	**1,951**	**3,212**
	–	**17,444**	**480**	**4,512**	**17,983**	**40,419**
Non-Executive Director						
Mr. Wang Wenmo	**1,000**	**–**	**–**	**–**	**–**	**1,000**
Independent Non-Executive Directors						
Mr. Dai Zhongchuan	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Yiu Kin Wah Stephen	**1,005**	**–**	**–**	**–**	**–**	**1,005**
Mr. Lai Hin Wing Henry Stephen(ii)	**503**	**–**	**–**	**–**	**–**	**503**
Ms. Wang Jiaqian(iii)	**251**	**–**	**–**	**–**	**–**	**251**
	1,879	**–**	**–**	**–**	**–**	**1,879**
Total	**2,879**	**17,444**	**480**	**4,512**	**17,983**	**43,298**
Year ended 31 December 2020						
Executive Directors						
Mr. Ding Shizhong	–	1,080	67	532	–	1,679
Mr. Ding Shijia	–	1,000	67	–	–	1,067
Mr. Lai Shixian	–	1,500	67	–	32,105	33,672
Mr. Wu Yonghua	–	2,000	67	–	–	2,067
Mr. Zheng Jie	–	11,394	59	3,600	–	15,053
	–	16,974	327	4,132	32,105	53,538
Non-Executive Director						
Mr. Wang Wenmo	1,000	–	–	–	–	1,000
Independent Non-Executive Directors						
Mr. Dai Zhongchuan	120	–	–	–	–	120
Mr. Yiu Kin Wah Stephen	1,079	–	–	–	–	1,079
Mr. Mei Ming Zhi(iv)	270	–	–	–	–	270
Mr. Lai Hin Wing Henry Stephen(ii)	90	–	–	–	–	90
	1,559	–	–	–	–	1,559
Total	2,559	16,974	327	4,132	32,105	56,097

(i) Appointed as an executive director of the Company on 1 July 2021.

(ii) Appointed as an independent non-executive director of the Company on 1 November 2020.

(iii) Appointed as an independent non-executive director of the Company on 1 July 2021.

(iv) Resigned on 1 November 2020.

Note: These represent the estimated value of awarded shares granted to the director(s) under the Share Award Scheme (note 24(b)). The value of these awarded shares is measured according to the Group's accounting policy (T)(ii) for share-based payment transactions.

6. Directors' Emoluments (Continued)

During the financial 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 financial year.

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 individuals (2020: 2 individuals) are also directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 individuals (2020: 3 individuals) are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	**7,575**	5,900
Discretionary bonuses	**1,899**	785
Equity-settled share-based payment transactions (note 27(f))	**23,373**	41,736
Contributions to retirement benefit scheme	**223**	112
	33,070	48,533

The 3 individuals (2020: 3 individuals) are neither senior management nor director of the Company. The emoluments of the 3 individuals (2020: 3 individuals) with the highest emoluments are within the following bands:

	Number of individuals	
	2021	2020
RMB10,500,001 to RMB11,000,000	**2**	–
RMB12,500,001 to RMB13,000,000	**1**	1
RMB17,500,001 to RMB18,000,000	**–**	1
RMB18,000,001 to RMB18,500,000	**–**	1

8. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the financial year.

Weighted average number of ordinary shares

	2021 **'000 Shares**	2020 '000 Shares
Issued ordinary shares as at 1 January	**2,703,329**	2,701,947
Effect of shares held under share award scheme	**(14,321)**	(14,399)
Effect of shares vested under share award scheme	**1,326**	1,370
Effect of shares issued under share option schemes	**–**	701
Weighted average number of ordinary shares as at 31 December	**2,690,334**	2,689,619

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

Profit attributable to equity shareholders of the Company (diluted)

	2021 **RMB'million**	2020 RMB'million
Profit attributable to equity shareholders of the Company	**7,720**	5,162
Adjustment for interest on convertible bonds, net of tax	**87**	81
Profit attributable to equity shareholders of the Company (diluted)	**7,807**	5,243

Weighted average number of ordinary shares (diluted)

	2021 **'000 Shares**	2020 '000 Shares
Weighted average number of ordinary shares as at 31 December	**2,690,334**	2,689,619
Effect of awarded shares under share award scheme	**2,724**	2,722
Effect of deemed issue of shares under share option schemes	**–**	1,210
Effect of conversion of convertible bonds	**82,865**	74,617
Weighted average number of ordinary shares (diluted) as at 31 December	**2,775,923**	2,768,168

(Expressed in Renminbi unless otherwise indicated)

9. Company-level Statement of Financial Position

	Note	2021 RMB'million	2020 RMB'million
Non-current assets			
Investments in subsidiaries	15	**5,485**	5,633
Total non-current assets		**5,485**	5,633
Current assets			
Amounts due from subsidiaries		**12,178**	5,726
Cash and cash equivalents		**37**	16
Total current assets		**12,215**	5,742
Total assets		**17,700**	11,375
Current liabilities			
Borrowings		**40**	40
Amounts due to subsidiaries		**938**	855
Other payables		**670**	–
Total current liabilities		**1,648**	895
Net current assets		**10,567**	4,847
Total assets less current liabilities		**16,052**	10,480
Non-current liabilities			
Borrowings		**973**	973
Total liabilities		**2,621**	1,868
Net assets		**15,079**	9,507
Equity			
Share capital	26	**261**	261
Reserves	27	**14,818**	9,246
Total equity		**15,079**	9,507
Total liabilities and equity		**17,700**	11,375

10. Property, Plant and Equipment

	Buildings RMB'million	Plant and machinery RMB'million	Motor vehicles RMB'million	Furniture and fixtures RMB'million	Retail outlets leasehold improvements RMB'million	Total RMB'million
Cost:						
As at 1 January 2020	1,982	424	52	488	350	3,296
Additions	106	57	9	57	187	416
Transfer from construction in progress (note 12)	22	7	1	21	9	60
Disposals	(14)	(32)	(7)	(29)	(168)	(250)
As at 31 December 2020 and 1 January 2021	**2,096**	**456**	**55**	**537**	**378**	**3,522**
Additions	**30**	**31**	**8**	**95**	**613**	**777**
Transfer from construction in progress (note 12)	**265**	**24**	**4**	**60**	**–**	**353**
Disposals	**(7)**	**(19)**	**(3)**	**(34)**	**(24)**	**(87)**
As at 31 December 2021	**2,384**	**492**	**64**	**658**	**967**	**4,565**
Accumulated depreciation:						
As at 1 January 2020	490	159	31	292	176	1,148
Charge for the year (note 4)	92	45	8	71	198	414
Written back on disposals	(5)	(26)	(6)	(21)	(166)	(224)
As at 31 December 2020 and 1 January 2021	**577**	**178**	**33**	**342**	**208**	**1,338**
Charge for the year (note 4)	**94**	**37**	**8**	**77**	**227**	**443**
Written back on disposals	**(2)**	**(15)**	**(2)**	**(29)**	**(21)**	**(69)**
As at 31 December 2021	**669**	**200**	**39**	**390**	**414**	**1,712**
Net book value:						
As at 31 December 2021	**1,715**	**292**	**25**	**268**	**553**	**2,853**
As at 31 December 2020	1,519	278	22	195	170	2,184

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

(Expressed in Renminbi unless otherwise indicated)

11. Right-of-Use Assets

	Leasehold land RMB'million	Properties leased for own use RMB'million	Total RMB'million
Net book value:			
As at 1 January 2020	1,316	1,921	3,237
Additions	118	2,512	2,630
Depreciation charge for the year (note 4)	(30)	(1,559)	(1,589)
Disposals	–	(170)	(170)
As at 31 December 2020 and 1 January 2021	**1,404**	**2,704**	**4,108**
Additions	**39**	**5,324**	**5,363**
Depreciation charge for the year (note 4)	**(31)**	**(2,663)**	**(2,694)**
Disposals	**–**	**(166)**	**(166)**
As at 31 December 2021	**1,412**	**5,199**	**6,611**

Details of the maturity analysis of lease liabilities is set out in note 29(b).

(a) Leasehold land

The Group has obtained land use rights of leasehold land for properties held for own use in Mainland China.

(b) Properties leased for own use

The Group has obtained the right to use properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Total cash outflow for the leases in the reporting period was RMB5,621 million (2020: RMB3,908 million).

12. Construction in Progress

	2021 RMB'million	2020 RMB'million
As at 1 January	**545**	421
Additions	**734**	184
Transfer to property, plant and equipment (note 10)	**(353)**	(60)
As at 31 December	**926**	545

Construction in progress represents buildings under construction and plant and equipment pending for installation in Mainland China.

13. Prepayments for Acquisition of Land Use Rights and Other Non-current Assets

	2021 RMB'million	2020 RMB'million
Prepayments for acquisition of:		
Land use rights	**3**	3
Other non-current assets	**40**	43
	43	46

14. Intangible Assets

	Computer software RMB'million	Patents and trademarks RMB'million	Total RMB'million
Cost:			
As at 1 January 2020	213	762	975
Additions	93	–	93
Capital contribution-in-kind by non-controlling interests of a subsidiary	–	884	884
As at 31 December 2020 and 1 January 2021	**306**	**1,646**	**1,952**
Additions	**81**	**–**	**81**
As at 31 December 2021	**387**	**1,646**	**2,033**
Accumulated amortisation:			
As at 1 January 2020	149	148	297
Charge for the year (note 4)	48	28	76
As at 31 December 2020 and 1 January 2021	**197**	**176**	**373**
Charge for the year (note 4)	**72**	**57**	**129**
As at 31 December 2021	**269**	**233**	**502**
Net book value:			
As at 31 December 2021	**118**	**1,413**	**1,531**
As at 31 December 2020	109	1,470	1,579

The amortisation charge for the year is included in administrative expenses of profit or loss.

15. Investments in Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries. Details of principal subsidiaries as at 31 December 2021 are shown on pages 180 to 188.

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture

	2021 RMB'million	2020 RMB'million
As at 1 January	**9,658**	10,551
Share of loss	**(81)**	(601)
Share of other comprehensive income/(loss)	**377**	(293)
Share of other reserves	**44**	–
Disposals	**–**	(221)
Foreign currency translation differences	**(971)**	222
As at 31 December	**9,027**	9,658

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Place of incorporation and business	Proportion of interest held	Proportion of voting rights held
Amer Sports Holding (Cayman) Limited ("AS Holding")	Cayman Islands/Worldwide	52.70%	57.70%

Amer Sports Oy ("Amer Sports") is wholly-owned by AS Holding and is a sporting goods company with internationally recognised brands including Salomon, Arc'teryx, Peak Performance, Atomic, Wilson, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders.

AS Holding, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

On 22 December 2020 (Hong Kong time) (21 December 2020 New York time), Amer Sports and Peloton Interactive, Inc (the "Purchaser") entered into a stock and asset purchase agreement, pursuant to which the Amer Sports has agreed to sell, and the Purchaser has agreed to purchase, (i) 100% of the issued share capital in each of the target companies (and their respective wholly-owned subsidiaries engaging in the Precor brand business, collectively "Precor Group") and (ii) any and all intellectual property related to the business of the Precor Group for an aggregate consideration of USD420 million (equivalent to approximately RMB2,779 million) in cash, subject to a number of customary adjustments in accordance with the terms and conditions thereof. Precor Group was classified as a disposal group held for sale at 22 December 2020 and a discontinued operation in the AS Holding's consolidated financial statements for the year ended 31 December 2020. The disposal was completed during the financial year.

16. Investment in a Joint Venture (Continued)

Summarised consolidated financial information of AS Holding, based on the latest available information to the Company and following the accounting policies adopted by the Group, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2021 RMB'million	2020 RMB'million
Non-current assets	**38,526**	43,811
Current assets	**11,932**	13,840
Current liabilities	**(6,195)**	(7,774)
Non-current liabilities	**(27,132)**	(31,550)
Equity	**17,131**	18,327
Included in the above assets and liabilities:		
Cash and cash equivalents	**3,702**	2,541
Current financial liabilities (excluding trade and other payables and provisions)	**(223)**	(1,293)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(21,360)**	(24,363)

	2021 RMB'million	2020 RMB'million (restated)
Revenue	**19,720**	16,704
Post-tax loss from continuing operations	**(126)**	(642)
Post-tax loss from discontinued operations	**(28)**	(498)
Other comprehensive income/(loss)	**714**	(554)
Total comprehensive income/(loss)	**560**	(1,694)
Included in the above loss:		
Depreciation and amortisation	**(1,375)**	(1,604)
Interest income	**11**	7
Interest expense	**(964)**	(1,073)
Income tax expense	**(193)**	(85)

The comparative information for the year ended 31 December 2020 has been re-presented.

Reconciliation to the Group's Investment in a joint venture	**2021 RMB'million**	2020 RMB'million
Gross amounts of AS Holding's net assets	**17,131**	18,327
Group's effective interest	**52.70%**	52.70%
Group's share of AS Holding's net assets	**9,027**	9,658
Carrying amount of the Group's investment	**9,027**	9,658

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture (Continued)

A 5-year EUR1,300 million (equivalent to RMB9,366 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2021, Facility A has been fully drawn by AS Holding.

17. Other Investments

	2021 RMB'million	2020 RMB'million
Current		
Financial instruments measured at fair value through profit or loss ("FVTPL"):		
– Unlisted debt securities	**–**	270
Financial instruments measured at amortised cost:		
– Listed debt securities	**763**	–
	763	270
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments(i)	**65**	70
– Listed perpetual bonds (equity investment in nature)(ii)	**657**	–
	722	70
Total	**1,485**	340

(i) *The Group designated certain equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes. Dividends with amount of RMB2 million were received on the unlisted equity investments during the reporting period (2020: RMB2 million).*

(ii) *The Group designated certain listed perpetual bonds (equity investment in nature) issued by a Big 4 domestic bank at FVOCI (non-recycling), as the investments are not held for trading purposes and are intended to be held for medium to long-term.*

The movements of the above unlisted equity investments are as follows:

	2021 RMB'million	2020 RMB'million
At 1 January	**70**	64
Total unrealised gains recognised in other comprehensive income	**9**	6
Disposal	**(14)**	–
At 31 December	**65**	70

18. Inventories

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

	2021 RMB'million	2020 RMB'million
Raw materials	**339**	212
Work in progress	**297**	274
Finished goods	**7,008**	5,000
	7,644	5,486

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

	2021 RMB'million	2020 RMB'million
Carrying amount of inventories sold	**18,849**	14,689
Write-down of inventories	**75**	172
	18,924	14,861

19. Trade Receivables and Other Current Assets

	2021 RMB'million	2020 RMB'million
Trade receivables	**3,321**	3,778
Less: loss allowance	**(25)**	(47)
	3,296	3,731
Other current assets:		
Other assets in relation to refunds (note 22)	**96**	167
Advance payments to suppliers	**888**	753
Deposits and other prepayments	**1,557**	1,100
VAT deductible	**762**	476
Interest receivables	**73**	44
Derivative financial instruments	**–**	2
Others	**242**	341
	3,618	2,883

(Expressed in Renminbi unless otherwise indicated)

19. Trade Receivables and Other Current Assets (Continued)

All of the trade receivables and other receivables (net of loss allowance) are expected to be recovered or recognised as expenses within one year.

An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	2021 RMB'million	2020 RMB'million
Current	3,278	3,709
Less than 3 months past due	17	25
Past due over 3 months	26	44
	3,321	3,778

The movement in the loss allowance account for trade receivables during the financial year is as follows:

	2021 RMB'million	2020 RMB'million
As at 1 January	47	41
(Reversal of impairment loss)/impairment loss recognised (note 4)	(22)	6
As at 31 December	25	47

The Group normally grants a credit period of 30 to 90 days to its customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise:

	2021 RMB'million	2020 RMB'million
Fixed deposits with banks within three months to maturity when placed	9,444	7,875
Cash at bank and in hand	2,498	3,052
Short-term investments[i]	5,650	4,396
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	17,592	15,323
Fixed deposits with banks with more than three months to maturity when placed	6,985	5,023
Pledged deposits[ii]	4	1
Total[iii]	24,581	20,347

(i) The short-term investments comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.

(ii) As at 31 December 2021, certain bank deposits have been pledged as security for certain contracts.

(iii) As at 31 December 2021, the balances, deposits and short-term investments that were placed with banks and financial institutions in Mainland China amounted to RMB20,897 million (2020: RMB15,674 million). Remittance of funds out of Mainland China is subject to the foreign exchange restrictions imposed by government.

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise: (Continued)

As at the end of the reporting period, all balances, deposits and short-term investments were placed with highly reputable and sizable banks and financial institutions without significant credit risk. The breakdown by placement banks/financial institutions is as follows:

	2021 RMB'million	2020 RMB'million
Big 4 domestic banks (and its subsidiaries)	**7,862**	5,998
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	**9,832**	8,971
Reputable domestic non-bank financial institutions	**5,650**	4,396
Highly reputable and sizeable foreign-owned banks	**1,237**	982
	24,581	20,347

Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

The breakdown by currency is as follows:

	2021 RMB'million	2020 RMB'million
Renminbi	**16,931**	12,240
United States Dollars	**7,416**	7,347
Hong Kong Dollars	**125**	265
Euro	**36**	432
Singapore Dollars	**46**	35
Others	**27**	28
	24,581	20,347

(Expressed in Renminbi unless otherwise indicated)

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2021	4,801	1,000	7,610	1,013	2,519	16,943
Changes from financing cash flows:						
Drawdown of new bank loans	652	–	–	–	–	652
Repayment of bank loans	(848)	–	–	–	–	(848)
Payments of interest expense on bank loans	(71)	–	–	–	–	(71)
Payments of interest expense on medium term notes	–	–	–	(40)	–	(40)
Proceed from bills of exchange	–	1,000	–	–	–	1,000
Repayment of bills of exchange	–	(1,000)	–	–	–	(1,000)
Payments of lease liabilities	–	–	–	–	(2,637)	(2,637)
Total changes from financing cash flows	(267)	–	–	(40)	(2,637)	(2,944)
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	5,249	5,249
Interest expenses	88	23	87	40	205	443
COVID-19-related rent concessions received	–	–	–	–	(18)	(18)
Foreign currency translation differences	(404)	–	(755)	–	–	(1,159)
Others	–	(23)	–	–	(173)	(196)
Total other changes	(316)	–	(668)	40	5,263	4,319
As at 31 December 2021	4,218	1,000	6,942	1,013	5,145	18,318

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2020	8,003	1,200	–	–	1,863	11,066
Changes from financing cash flows:						
Drawdown of new bank loans	964	–	–	–	–	964
Repayment of bank loans	(4,307)	–	–	–	–	(4,307)
Payments of interest expense on bank loans	(152)	–	–	–	–	(152)
Proceed from bills of exchange	–	1,000	–	–	–	1,000
Repayment of bills of exchange	–	(1,200)	–	–	–	(1,200)
Net proceeds from issuance of convertible bonds	–	–	7,678	–	–	7,678
Net proceeds from issuance of medium term notes	–	–	–	998	–	998
Payments of lease liabilities	–	–	–	–	(1,699)	(1,699)
Total changes from financing cash flows	(3,495)	(200)	7,678	998	(1,699)	3,282
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	2,512	2,512
Interest expenses	144	23	81	15	144	407
Equity component of convertible bonds	–	–	(463)	–	–	(463)
COVID-19-related rent concessions received	–	–	–	–	(131)	(131)
Foreign currency translation differences	149	–	314	–	–	463
Others	–	(23)	–	–	(170)	(193)
Total other changes	293	–	(68)	15	2,355	2,595
As at 31 December 2020	4,801	1,000	7,610	1,013	2,519	16,943

21. Borrowings

	Note	2021 RMB'million	2020 RMB'million
Current			
Bank loans	(a)	**708**	928
Bills payable (financing in nature)	(b)	**1,000**	1,000
Medium term notes	(d)	**40**	40
		1,748	1,968
Non-Current			
Bank loans	(a)	**3,510**	3,873
Convertible bonds	(c)	**6,942**	7,610
Medium term notes	(d)	**973**	973
		11,425	12,456
Total		**13,173**	14,424

(a) Bank loans

All bank loans are unsecured, denominated in Euro or United States dollars and measured at amortised cost.

(b) Bills payable (financing in nature)

Bills payable (financing in nature) were bills of exchange which were denominated at Renminbi, measured at amortised cost and repayable within one year.

21. Borrowings (Continued)

(c) Convertible Bonds

On 5 February 2020, the Group completed the issuance of EUR1.0 billion zero coupon convertible bonds ("Bonds") due on 5 February 2025 and the Bonds are listed on the Singapore Stock Exchange.

Each Bond could, at the option of the holder, be convertible on or after the date which is 41 days after 5 February 2020 up to the date falling 10 days prior to 5 February 2025 into fully paid ordinary shares with a par value of HKD0.10 each of the Company (the "Shares"). The number of Shares to be issued shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the pre-determined fixed rate of HKD8.6466 = EUR1.00 under the terms and conditions of the Bonds) by the conversion price in effect on the relevant conversion date. On 31 December 2021, assuming full conversion of the Bonds at the applicable conversion price of HKD103.68 per Share on that date, the Bonds will be convertible into 83,396,991 conversion shares.

The outstanding principal amount of the Bonds is repayable by the Group upon the maturity of the Bonds on 5 February 2025, if not previously redeemed, converted or purchased and cancelled. On 5 February 2023 (the "Optional Put Date"), the holder of each Bond will have the right at such holder's option, to require the Group to redeem all or some only of such holder's Bonds on the Optional Put Date at their principal amount. The Bonds may be redeemed, on giving not less than 30 nor more than 60 days' notice to the bondholders, in whole but not in part, at its option of the Group, at their principal amount on the date specified in the optional redemption notice, at any time if prior to the date the relevant optional redemption notice is given, conversion rights have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the Bonds originally issued.

At initial recognition, the liability component is measured at fair value based on the principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the Bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method.

During the financial year, there was no conversion nor redemption of convertible bonds.

(d) Medium term notes

Medium term notes were unsecured, denominated in Renminbi and measured at amortised cost.

(Expressed in Renminbi unless otherwise indicated)

22. Trade Payables and Other Current Liabilities

	2021 RMB'million	2020 RMB'million
Trade payables	**3,146**	2,376
Other current liabilities:		
Refund liabilities[(i)]	**176**	303
Contract liabilities[(ii) & (iii)]	**959**	1,067
Construction costs payables	**256**	92
VAT and other taxes payables	**731**	471
Accruals	**2,402**	1,638
Dividends payable to equity shareholders of the Company	**669**	–
Derivative financial instruments	**–**	17
Others	**1,737**	951
	6,930	4,539

(i) The Group recognises a refund liability for the consideration received or receivable of which the Group does not expect to be entitled. The Group also recognises other assets in relation to refunds, measured with reference to the former carrying amount of the products (see note 19). The costs to recover the products are not material because the product returned are usually in a saleable condition.

(ii) Revenue that was included in the contract liability balance at the beginning of the reporting period amounting to RMB876 million (2020: RMB1,493 million) was recognised in the reporting period.

(iii) A contract liability, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer.

All of the trade payables 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 trade payables, based on the invoice date, is as follows:

	2021 RMB'million	2020 RMB'million
Within 3 months	**3,131**	2,346
3 months to 6 months	**3**	16
Over 6 months	**12**	14
	3,146	2,376

23. Employee Retirement Benefits

Defined contribution retirement plans

The Mainland China subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the 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 HKD30,000. Contributions to the plan vest immediately.

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

24. Equity-settled Share-based Payment Transactions

(a) Share option scheme

Share Option Scheme I

The Company adopted a share option scheme (the "Share Option Scheme I") pursuant to the shareholders' written resolution passed on 11 June 2007. The Board might, at its absolute discretion, offer options to the eligible persons (as defined in the Share Option Scheme I) to subscribe for such number of shares of the Company in accordance with the terms set out in the Share Option Scheme I. Each option gave the holder the right to subscribe for one ordinary share of the Company.

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, the Share Option Scheme I was terminated. Any outstanding share options granted under the Share Option Scheme I would continue to be valid and exercisable until expiry. On 14 September 2020, all outstanding share options granted but not exercised under the Share Option Scheme I were expired and forfeited.

Share Option Scheme II

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, to enable the continuity of terminated Share Option Scheme I, the Company has adopted a new share option scheme ("Share Option Scheme II") which has similar terms as Share Option Scheme I. The Share Option Scheme II shall be valid and effective for a period of 10 years from the adoption of the scheme on 6 April 2017.

The purpose of the Share Option Scheme II is to motivate the eligible persons (as defined in the Share Option Scheme II) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives (as defined in the Share Option Scheme II), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

No options were granted, exercised, lapsed or cancelled under the Share Option Scheme II during the financial year. As at 31 December 2021, there were no outstanding options under the Share Option Scheme II.

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of 10 years commencing on the adoption date. The specific objectives of Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, the professional trustee appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

During the financial year, no ordinary shares (2020: 7,822,000) in the Company were purchased from open market by the trustee of the Share Award Scheme. For the year ended 31 December 2020, total consideration paid, including all relevant expenses, for such share purchases were RMB464 million.

The terms and conditions of the grants of awarded shares are as follows:

	Number of awarded shares '000	Vesting conditions
Awarded shares granted to a director:		
– on 5 November 2019	1,000	0.5 years to 4.5 years from the date of grant
Awarded shares granted to employees:		
– on 5 November 2019	10,170	0.5 years to 4.5 years from the date of grant
– on 2 November 2020	890	0.5 years to 4.5 years from the date of grant
– on 1 November 2021	849	0.5 years to 4.5 years from the date of grant
Total awarded shares	**12,909**	

The fair value of the awarded shares was measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

During the financial year, the number and weighted average fair value of the awarded shares granted were 848,835 shares (2020: 890,000) and HKD119.70 per awarded share (2020: HKD86.75) respectively. During the financial year, 1,983,416 awarded shares (2020: 2,055,667) with a total amount of RMB110 million (2020: RMB112 million) were vested, resulting in the transfer out of RMB140 million (2020: RMB145 million) from the share-based compensation reserve, with the difference of RMB30 million (2020: RMB33 million) credited to share premium account. 464,584 awarded shares were lapsed during the financial year (2020: 1,246,333).

As at 31 December 2021, the total number of awarded shares granted but not vested (subject to certain vesting conditions) under the Share Award Scheme was 7,158,835 (2020: 8,758,000).

25. 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 provisions for PRC Corporate Income Tax of RMB1,811 million (2020: RMB1,503 million) and income taxes in other tax jurisdictions of RMB5 million (2020: RMB4 million).

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

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

Deferred tax arising from:	Dividend withholding tax RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2020	225	31	(524)	(222)	(490)
Charged/(credited) to profit or loss (note 5(a))	309	4	146	(360)	99
Released upon distribution of dividends (note 5(a)(iii))	(42)	–	–	–	(42)
As at 31 December 2020 and 1 January 2021	**492**	**35**	**(378)**	**(582)**	**(433)**
Charged/(credited) to profit or loss (note 5(a))	**315**	**29**	**53**	**(146)**	**251**
Released upon distribution of dividends (note 5(a)(iii))	**(216)**	**–**	**–**	**–**	**(216)**
As at 31 December 2021	**591**	**64**	**(325)**	**(728)**	**(398)**

(ii) Reconciliation to the consolidated statement of financial position

	2021 RMB'million	2020 RMB'million
Amount recognised in the consolidated statement of financial position:		
– Deferred tax assets	**(1,053)**	(960)
– Deferred tax liabilities	**655**	527
	(398)	(433)

25. Taxation in the Consolidated Statement of Financial Position (Continued)

(c) Deferred tax assets not recognised

As at 31 December 2021, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB704 million (2020: RMB573 million) of which RMB427 million (2020: RMB357 million) will expire within 5 years under the current tax legislation. These 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 2021, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB9,747 million (2020: RMB7,411 million). Deferred tax liabilities of RMB487 million (2020: RMB371 million) 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 Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

26. Share Capital

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million
Authorised:			
Ordinary shares			
As at 31 December 2020 and 2021	**0.10**	**5,000,000**	**500**

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

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million	RMB'million
Issued and fully paid:				
As at 1 January 2020	0.10	2,701,947	270	261
Shares issued under share option schemes	0.10	1,382	–	–
As at 31 December 2020, 1 January 2021 and 31 December 2021	**0.10**	**2,703,329**	**270**	**261**

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 general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2020, pursuant to the Company's share option schemes (note 24(a)), options were exercised to subscribe for 1,382,000 ordinary shares in the Company at a consideration of RMB21 million of which RMB127,000 was credited to share capital and the balance of approximately RMB21 million was credited to the share premium account. RMB5 million was transferred from the share-based compensation reserve to the share premium account.

27. Reserves

The Group

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Capital reserve RMB'million Note 27(b)	Statutory reserve RMB'million Note 27(c)	Fair value reserve (non-recycling) RMB'million Note 27(d)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Share of reserves of a joint venture RMB'million	Retained profits RMB'million	Total RMB'million
Balances as at 1 January 2020		(445)	4,559	176	1,420	19	(350)	99	–	(60)	14,403	19,821
Changes in equity for 2020:												
– Profit for the year		–	–	–	–	–	–	–	–	–	5,162	5,162
– Other comprehensive income/(loss) for the year		–	–	–	–	6	(44)	–	–	(293)	–	(331)
Total comprehensive income for the year		–	–	–	–	6	(44)	–	–	(293)	5,162	4,831
Disposal of partial interests in a joint venture		–	–	–	–	–	–	–	–	1	(1)	–
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	–	–	–	–	(903)	(903)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	–	–	–	–	(501)	(501)
Shares purchased under share award scheme	24(b)	(464)	–	–	–	–	–	–	–	–	–	(464)
Shares issued under share option schemes	26	–	26	–	–	–	–	(5)	–	–	–	21
Expiry and forfeiture of share options	24(a)	–	–	–	–	–	–	(6)	–	–	6	–
Equity-settled share-based payment transactions	27(f)	–	–	–	–	–	–	324	–	–	–	324
Vesting of awarded shares of share award scheme	24(b)	112	33	–	–	–	–	(145)	–	–	–	–
Issuance of convertible bonds		–	–	–	–	–	–	–	463	–	–	463
Appropriation to statutory reserve	27(c)	–	–	–	141	–	–	–	–	–	(141)	–
Capital contribution-in-kind by non-controlling interests and dilution of interests in a subsidiary		–	–	–	–	–	–	–	–	–	279	279
Acquisition of partial interests in a subsidiary		–	–	–	–	–	–	–	–	–	(119)	(119)
Balances as at 31 December 2020 and 1 January 2021		**(797)**	**4,618**	**176**	**1,561**	**25**	**(394)**	**267**	**463**	**(352)**	**18,185**	**23,752**
Changes in equity for 2021:												
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,720**	**7,720**
– Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**22**	**(341)**	**–**	**–**	**377**	**–**	**58**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**22**	**(341)**	**–**	**–**	**377**	**7,720**	**7,778**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,054)**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,026)**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**–**	**–**	**–**	**168**	**–**	**–**	**–**	**168**
Vesting of awarded shares of share award scheme	24(b)	**110**	**30**	**–**	**–**	**–**	**–**	**(140)**	**–**	**–**	**–**	**–**
Share of other reserves of a joint venture	16	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**44**	**–**	**44**
Appropriation to statutory reserve	27(c)	**–**	**–**	**–**	**162**	**–**	**–**	**–**	**–**	**–**	**(162)**	**–**
Balances as at 31 December 2021		**(687)**	**4,648**	**176**	**1,723**	**47**	**(735)**	**295**	**463**	**69**	**22,663**	**28,662**

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

The Company

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Retained profits RMB'million	Total reserves RMB'million
Balances as at 1 January 2020		(445)	4,559	(307)	99	–	6,138	10,044
Changes in equity for 2020:								
– Profit for the year		–	–	–	–	–	900	900
– Other comprehensive loss for the year		–	–	(638)	–	–	–	(638)
Total comprehensive income for the year		–	–	(638)	–	–	900	262
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	(903)	(903)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	(501)	(501)
Shares purchased under share award scheme	24(b)	(464)	–	–	–	–	–	(464)
Shares issued under share option schemes	26	–	26	–	(5)	–	–	21
Expiry and forfeiture of share options	24(a)	–	–	–	(6)	–	6	–
Equity-settled share-based payment transactions	27(f)	–	–	–	324	–	–	324
Vesting of awarded shares of share award scheme	24(b)	112	33	–	(145)	–	–	–
Issuance of convertible bonds		–	–	–	–	463	–	463
Balances as at 31 December 2020 and 1 January 2021		**(797)**	**4,618**	**(945)**	**267**	**463**	**5,640**	**9,246**
Changes in equity for 2021:								
– Profit for the year		**–**	**–**	**–**	**–**	**–**	**8,713**	**8,713**
– Other comprehensive loss for the year		**–**	**–**	**(229)**	**–**	**–**	**–**	**(229)**
Total comprehensive income for the year		**–**	**–**	**(229)**	**–**	**–**	**8,713**	**8,484**
Dividends approved in respect of the previous year	28(b)	**–**	**–**	**–**	**–**	**–**	**(1,054)**	**(1,054)**
Dividends declared in respect of the current year	28(a)	**–**	**–**	**–**	**–**	**–**	**(2,026)**	**(2,026)**
Equity-settled share-based payment transactions	27(f)	**–**	**–**	**–**	**168**	**–**	**–**	**168**
Vesting of awarded shares of share award scheme	24(b)	**110**	**30**	**–**	**(140)**	**–**	**–**	**–**
Balances as at 31 December 2021		**(687)**	**4,648**	**(1,174)**	**295**	**463**	**11,273**	**14,818**

27. Reserves (Continued)

(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, comprising share premium and retained profits, of the Company as at 31 December 2021 was HKD17,909 million (2020: HKD11,016 million).

(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 HKD144 million (equivalent to RMB141 million) were assigned to Anta Enterprise at a consideration of HKD1.0. 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.

On 26 July 2017, the non-controlling shareholders of Full Prospect Sports Limited ("Full Prospect"), a subsidiary of the Group, requested to convert all its class B shares of Full Prospect to ordinary shares in accordance with the articles of Full Prospect. The long-term payable to non-controlling interests related to the class B shares was therefore derecognised. Such derecognition was reflected as a corresponding increase in capital reserve (amounting to RMB35 million) and non-controlling interest.

(c) Statutory reserve

Pursuant to applicable PRC regulations, Mainland China subsidiaries are required to appropriate 10% of their profit after tax (after offsetting prior years' 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) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated at FVOCI under IFRS/HKFRS 9 that are held at the end of the reporting period.

(e) Exchange reserve

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

(f) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of exercisable share options and awarded shares granted to certain directors of the Company and employees of the Group.

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

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

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

28. Dividends

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

	2021 RMB'million	2020 RMB'million
Interim dividend declared and paid of HK60 cents per ordinary share (2020: HK21 cents per ordinary share)	**1,357**	501
Special interim dividend declared and payable of HK30 cents per ordinary share (2020: Nil)	**669**	–
Final dividend recommended after the end of the reporting period of HK68 cents per ordinary share (2020: HK47 cents per ordinary share)	**1,498**	1,054
	3,524	1,555

The final dividend recommended after the end of the reporting period has not been recognised as liabilities as at the end of the reporting period.

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

	2021 RMB'million	2020 RMB'million
Final dividend in respect of the year ended 31 December 2020, approved and paid during the financial year, of HK47 cents per ordinary share (2019: HK36 cents per ordinary share)	**1,054**	903

29. Financial Risk Management and Fair Values

Exposure to credit, liquidity, interest rate 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from listed debt securities measured at amortised cost, pledged deposits, bank deposits and cash and cash equivalents are limited because the counterparties are either highly reputable and sizeable banks and financial institutions or the Government of the PRC for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group relating to a joint venture as set out in note 16, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk on trade 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. At the end of the reporting period, 3% (2020: 3%) and 8% (2020: 9%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.32%	3,278	(10)	–	–	(10)
Less than 3 months past due	9.39%	17	(2)	–	–	(2)
Past due over 3 months	50.00%	26	(13)	–	–	(13)
		3,321	(25)	–	–	(25)

	2020					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.32%	3,709	(12)	–	–	(12)
Less than 3 months past due	4.69%	25	(1)	–	–	(1)
Past due over 3 months	50.00%	20	(10)	24	(24)	(34)
		3,754	(23)	24	(24)	(47)

The Group keeps assessing the expected loss rates based on the Group's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

(b) Liquidity risk

The Group's policy is to actively and regularly monitor its liquidity requirements and its compliance with lending covenants, 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.

29. 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 non-derivative financial liabilities and derivative financial instruments, 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 can be required to pay:

	Contractual undiscounted cash outflows/(inflows)					Carrying amount on consolidated statement of financial position
	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total RMB'million	RMB'million
As at 31 December 2021						
Non-derivative financial liabilities:						
Bank loans	**710**	**64**	**3,634**	**–**	**4,408**	**4,218**
Bills payable (financing in nature)	**1,000**	**–**	**–**	**–**	**1,000**	**1,000**
Convertible bonds(Note)	**–**	**7,205**	**–**	**–**	**7,205**	**6,942**
Medium term notes	**40**	**1,040**	**–**	**–**	**1,080**	**1,013**
Trade payables	**3,146**	**–**	**–**	**–**	**3,146**	**3,146**
Other payables`	**6,754**	**–**	**–**	**–**	**6,754**	**6,754**
Payable to non-controlling interests	**39**	**48**	**26**	**–**	**113**	**113**
Lease liabilities	**2,401**	**1,496**	**1,403**	**347**	**5,647**	**5,145**
Amounts due to related parties	**27**	**–**	**–**	**–**	**27**	**27**
	14,117	**9,853**	**5,063**	**347**	**29,380**	**28,358**
As at 31 December 2020						
Non-derivative financial liabilities:						
Bank loans	933	71	4,103	–	5,107	4,801
Bills payable (financing in nature)	1,000	–	–	–	1,000	1,000
Convertible bonds(Note)	–	–	7,994	–	7,994	7,610
Medium term notes	40	40	1,040	–	1,120	1,013
Trade payables	2,376	–	–	–	2,376	2,376
Other payables	4,219	–	–	–	4,219	4,219
Payable to non-controlling interests	33	46	53	–	132	132
Lease liabilities	1,408	766	557	38	2,769	2,519
Amounts due to related parties	19	–	–	–	19	19
	10,028	923	13,747	38	24,736	23,689
Derivative financial instruments:						
Forward foreign exchange contracts						
– outflow	102	–	–	–	102	
– inflow	(102)	–	–	–	(102)	
Currency option contracts						
– outflow	400	–	–	–	400	
– inflow	(397)	–	–	–	(397)	

Note: As set out in note 21(c), the holder of each convertible bond will have the right at such holder's option to require the Group to redeem all or some only of such holder's convertible bonds on 5 February 2023 at their principal amount. Accordingly, the contractual undiscounted cash outlfow due to the redemption of the convertible bonds by the holder's put option was more than 1 year but less than 2 years at the end of the financial year.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from floating rate bank loans. All of the bank deposits and other borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates, other than repricing risk at maturity.

The Group actively and regularly monitors the interest rate fluctuation to ensure that its net exposure is kept to an acceptable level.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans as at the end of the reporting period:

	2021 Effective interest rate	2021 RMB'million	2020 Effective interest rate	2020 RMB'million
Fixed rate portion:				
Bank loans	**0.47%**	**644**	1.02%~3.75%	848
Variable rate portion:				
Bank loans	**EURIBOR +1.75%**	**3,574**	EURIBOR +1.75%	3,943
			HIBOR+1.5%	10
Total		**4,218**		4,801
Fixed rate portion as a percentage of total bank loans		**15%**		18%

(ii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates for floating rate bank loans, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB36 million (2020: RMB40 million). Other components of consolidated equity would not be affected (2020: 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 the 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 the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2020.

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits and borrowings 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 Group actively and regularly monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

(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 foreign operations into the Group's presentation currency are excluded in below table.

	Exposure to foreign currencies (expressed in Renminbi)							
	2021				2020			
	Renminbi RMB'million	**Hong Kong Dollars RMB'million**	**United States Dollars RMB'million**	**Euros RMB'million**	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million
Cash and cash equivalents	**475**	**11**	**114**	**29**	256	20	172	110
Fixed deposits held at banks with maturity over three months	**–**	**–**	**–**	**–**	–	–	101	320
Trade receivables	**2**	**1**	**6**	**–**	–	6	4	–
Other receivables	**–**	**7**	**14**	**7**	–	5	–	–
Amount due from group companies	**2,466**	**1,024**	**25**	**–**	1,565	1,116	23	–
Bank loans	**–**	**–**	**–**	**–**	–	(10)	–	–
Medium term notes	**(1,013)**	**–**	**–**	**–**	(1,013)	–	–	–
Trade payables	**–**	**–**	**(88)**	**(1)**	–	–	(84)	–
Other payables	**–**	**(6)**	**(254)**	**(2)**	(37)	(2)	(232)	–
Amount due to group companies	**(39)**	**(73)**	**(74)**	**–**	–	(183)	(34)	(5,121)
Gross exposure to currency risk	**1,891**	**964**	**(257)**	**33**	771	952	(50)	(4,691)
Notional amounts of forward foreign exchange contracts	**–**	**–**	**–**	**–**	–	–	(102)	–
Notional amounts of currency option contracts	**–**	**–**	**–**	**–**	–	–	–	(400)
Net exposure to currency risk	**1,891**	**964**	**(257)**	**33**	771	952	(152)	(5,091)

(Expressed in Renminbi unless otherwise indicated)

29. 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 foreign exchange exposure as at the end of the reporting period had changed, assuming all other risk variables remained constant.

	2021			2020		
	Increase/ (decrease) in foreign exchange rates in %	**Effect on profit after taxation and retained profits RMB'million**	**Effect on other components of equity RMB'million**	Increase/ (decrease) in foreign exchange rates in %	Effect on profit after taxation and retained profits RMB'million	Effect on other components of equity RMB'million
Renminbi	**5**	**95**	**(95)**	5	39	(39)
	(5)	**(95)**	**95**	(5)	(39)	39
Hong Kong Dollars	**5**	**47**	**(73)**	5	46	(35)
	(5)	**(47)**	**73**	(5)	(46)	35
United States Dollars	**5**	**(10)**	**401**	5	(6)	328
	(5)	**10**	**(401)**	(5)	6	(328)
Euros	**5**	**2**	**(308)**	5	(255)	(322)
	(5)	**(2)**	**308**	(5)	255	322

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 is performed on the same basis for 2020.

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS/HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements as at 31 December 2021 categorised into		
	Total RMB'million	**Level 1 RMB'million**	**Level 2 RMB'million**	**Level 3 RMB'million**
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	**65**	**–**	**–**	**65**
– Listed perpetual bonds	**657**	**657**	**–**	**–**

		Fair value measurements as at 31 December 2020 categorised into		
	Total RMB'million	Level 1 RMB'million	Level 2 RMB'million	Level 3 RMB'million
Recurring fair value measurements				
Financial assets/(liabilities):				
Equity instruments:				
– Unlisted equity investments	70	–	–	70
Debt instruments:				
– Unlisted debt securities	270	–	270	–
Derivative financial instruments:				
– Forward foreign exchange contracts	2	–	2	–
– Currency option contracts	(17)	–	(17)	–

During the financial year ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets/liabilities in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period or option pricing model that incorporated present value techniques and reflected both the time value and the intrinsic value, taking into account the terms and conditions of the contracts.

Information about Level 3 fair value measurements

The fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

30. Capital Commitments

Capital commitments outstanding as at 31 December 2021 not provided for in the financial statements were as follows:

	2021 RMB'million	2020 RMB'million
Contracted for	2,597	2,478
Authorised but not contracted for	518	396
	3,115	2,874

31. Material Related Party Transactions

(a) Transactions with related parties

During the reporting period the Group entered into the following transactions with related parties:

	2021 RMB'million	2020 RMB'million
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda") and other related entities(i)	107	101
Service fees		
– Mr. Ding Shijia (and his associates)	20	19
Non-recurring transaction		
Acquisition of land use rights and factory under construction		
– Fujian Anta Investment Co., Limited	72	–

(i) Quanzhou Anda (and for and on behalf of certain entities) entered into an agreement in relation to the supply of paper packaging materials from Quanzhou Anda (and those entities) to the Group. Those other related entities are associates of certain directors of the Company.

31. Material Related Party Transactions (Continued)

(a) Transactions with related parties (Continued)

The above recurring related party transactions were in the ordinary and usual course of business of the Group, on normal commercial terms or better, and fair and reasonable.

The above non-recurring related party transaction was on normal commercial terms or better, and fair and reasonable.

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

(b) Balances with related parties

	2021 RMB'million	2020 RMB'million
Amounts due to related parties		
Trade balance		
– Quanzhou Anda and other related entities	**22**	16
Other balances		
– Mr. Ding Shijia (and his associates)	**5**	3
	27	19

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

(c) Key management personnel remuneration

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

	2021 RMB'million	2020 RMB'million
Short-term employee benefits	**23**	22
Equity-settled share-based payment transactions	**18**	32
	41	54

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

32. Significant Accounting Estimates and Judgements

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

(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 of disposal 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 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) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

(d) 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.

33. Revised IFRSs/HKFRSs

The IASB and HKICPA have issued a number of amendments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group. Except for the below amendments, none of other developments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group have a material effect to the Group's results and financial position prepared or presented in these financial statements:

Amendment to IFRS/HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021* ("2021 Amendment")

The amendment extends the availability of the practical expedient under the *Amendment to IFRS/HKFRS 16, COVID-19-Related Rent Concessions* issued in May 2020 that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of 2019 novel coronavirus disease (COVID-19) (the "Pandemic") are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments credited to profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

Other than the 2021 Amendment discussed above, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

34. Non-adjusting Event after the Reporting Period

The special interim dividend in respect of the financial year declared and payable to the equity shareholders of the Company as disclosed in note 28 was paid on 25 January 2022.

After the end of the reporting period the directors of the Company recommended a final dividend of HK68 cents per share. Further details are disclosed in note 28.

35. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31 December 2021

Up to the date of issue of these financial statements, the IASB/HKICPA have issued a number of amendments, and a new standard, IFRS/HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it is concluded that the adoption of them is unlikely to have significant impact on the consolidated financial statements.

36. Immediate and Ultimate Holding Company

The directors of the Company consider the immediate and ultimate holding company of the Company as at 31 December 2021 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 22 March 2022.

SIGNIFICANT ACCOUNTING POLICIES

(A) Statement of Compliance

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

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and related Interpretations, promulgated by the International Accounting Standards Board ("IASB"). Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and related Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are consistent with IFRSs. These financial statements also complied with all applicable HKFRSs, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (collectively the "Group") and the Group's investment in a joint venture. These financial statements are presented in Renminbi (RMB), rounded to the nearest million (unless otherwise indicated). The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting polices set out below:

- Debt securities (see (E))
- Equity investments (see (E))
- Derivative financial instruments (see (N))

The preparation of financial statements in conformity with IFRSs/HKFRSs 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/HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

(C) Subsidiaries and Non-Controlling Interests

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, transactions and cash flows 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 non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with (P).

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 (see (E)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see (D)).

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

(D) Joint Venture

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see (J)(ii)). At the end of each reporting period, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see (E)).

(E) Other Investments

The Group's policies for investments in debt securities and equity investments, other than investments in subsidiaries and investment in a joint venture, are set out below.

Debt securities and equity investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

Debt securities

Debt securities held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see (W)(ii)).

- FVTPL, if the investments are not held for the collection of contractual cash flows which represent solely payments of principal and interest, or if the contractual cash flows of the investment comprise not solely payments of principal and interest and the investment is not held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in the fair value of the investment (including interest income) are recognised in profit or loss.

Equity investments

Equity investments are classified as measured at FVTPL unless the equity investments are not held for trading purposes and on initial recognition of the investments the Group makes an irrevocable election to designate the investments at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an equity investment, irrespective of whether classified as measured at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in (W)(iv).

(F) 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 1–2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(G) Construction in Progress

Construction in progress represents buildings and property and plant under construction and equipment pending for installation, and is stated at cost less impairment losses (see (J)). Cost comprises direct costs of construction and borrowing costs (see (AA)). 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.

(H) Intangible Assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see (J)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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 lives and method of amortisation are reviewed annually.

(I) Leased Assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases (if any) that have a lease term of 12 months or less and leases of low-value assets (if any). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see (J)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets and measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the Pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(J) Credit Losses and Impairment of Assets

(i) Credit losses from financial assets

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost, including pledged deposits, bank deposits, cash and cash equivalents, trade receivables and other receivables. Other financial assets measured at fair value, including debt securities measured at FVTPL, equity investments designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of the reporting period; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period.

For all other financial assets, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(J) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with (W)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- the disappearance of an active market for a security because of financial difficulties of the issuer.

(J) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each 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;

– right-of-use assets;

– intangible assets;

– construction in progress;

– investment in a joint venture; and

– investments in subsidiaries in the Company-level statement of financial position.

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 of disposal 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *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 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 of disposal, if measurable, 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 assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

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) Contract Liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see (W)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see (M)).

(M) Trade Receivables and Other Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are initially measured at fair value, and subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see (J)(i)).

(N) Derivative Financial Instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(O) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see (AA)).

(P) Trade Payables and Other Payables

Payables are initially recognised at fair value, except for financial guarantee liabilities measured in accordance with (Q), payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(Q) Financial Guarantee

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “other payables” at fair value, which is determined based upon the probability of default by the specified debtor extrapolated from market-based credit information and the amount of loss, given the default. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in (J)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(R) Convertible Bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is measured at fair value based on the future interest (if any) and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the reserve until either the bonds are converted or redeemed.

If the convertible bonds are converted, the reserve, together with the carrying amount of the liability component at the time of conversion, would be transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, the corresponding reserve would be released and transferred directly to retained profits.

(S) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in (J)(i).

(T) 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.

(ii) Share-based payment transactions

The fair values of share options and awarded shares granted to employees are recognised as employee costs with corresponding increases in share-based compensation reserve within equity. The fair values are measured at grant date using the (a) in respect of share options, Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted; and (b) in respect of awarded shares, the market price of the Company's shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options or awarded shares, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options and awarded shares will vest.

During the vesting period, the numbers of share options and awarded shares that are expected to vest are reviewed. Any resulting adjustments to the cumulative fair values recognised in prior years are charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with corresponding adjustments to the share-based compensation reserve. On vesting date, the amounts recognised as expenses are adjusted to reflect the actual number of options and awarded shares that vest (with corresponding adjustments 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 amounts are recognised in the share-based compensation reserve until (a) in respect of share options, 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); and (b) in respect of awarded shares, the awarded share is vested (when it is transferred to the share premium account).

(U) Income Tax

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.

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.

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.

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 the end of each 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.

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 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 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.

(V) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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.

(W) Revenue and other income

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the control of the sporting goods is considered to have been transferred to the customer.

In case customers have a right to return products under certain circumstances, the Group then may not be entitled to the consideration received or receivable. Therefore, a refund liability and an asset in relation to refund are recognised. Accumulated experience is used to estimate such returns at the time of sale. The validity of this assumption and the estimated amount of returns are reassessed at the end of each reporting period.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit- impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see (J)(i)).

(iii) 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 income 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 in profit or loss upon on a systematic basis over the useful life of the asset by way of reduced depreciation expense.

(iv) Dividends income from equity instruments

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

Dividend income from listed equity investments is recognised when the share price of the investment goes ex-dividend.

(X) 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 is Hong Kong Dollars.

The financial statements are presented in RMB ("presentation currency").

(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 transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities.

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.

(Y) 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.

(Z) Dividends

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

(AA) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(BB) 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

(CC) 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	Paid up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Anta Enterprise Group Limited	BVI/Hong Kong	USD10,000	100%	–	Investment holding
Motive Force Sports Products Limited	BVI/Hong Kong	USD10,000	100%	–	Investment holding
REEDO Sports Products Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
ANDES Sports Products Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
Origin Force Holding Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
ANKO Sports Products Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
ANKING Sports Products Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
ANTHA Sports Products Limited	BVI/Hong Kong	USD1	100%	–	Investment holding
ANLLIAN Sports Products Limited	BVI/Hong Kong	EUR700,000,001	100%	–	Investment holding
ANLLIAN Capital Limited	BVI/Hong Kong	EUR1	100%	–	Investment holding
ANTA Investment Limited	Hong Kong	HKD1,000,000	–	100%	Investment holding
ANTA International Limited	Hong Kong	HKD1	–	100%	Management services
Origin Force Investment Limited	Hong Kong	HKD1	–	100%	Investment holding
Anta Sports Japan Co., Ltd. (Note (iii))	Japan	JPY50,000,000	–	100%	Product design
ANTA US CO., LTD.	United States	–	–	100%	Product design
Anta Sports Korea Co., Ltd. (Note (iii))	Korea	KRW100,000,000	–	100%	Product design
ANTA Netherlands B.V.	Netherlands	EUR700,000	–	100%	Product design
安踏體育用品集團有限公司 ANTA Sports Products Group Co., Limited (Note (i))	PRC	HKD1,130,000,000	–	100%	Manufacturing and trading of sporting goods
安踏（中國）有限公司 ANTA (China) Co., Ltd. (Note (ii))	PRC	HKD600,000,000	–	100%	Manufacturing and trading of sporting goods
廈門安踏有限公司 Xiamen ANTA Company Limited (Note (ii))	PRC	RMB800,000,000	–	100%	Investment holding and trading of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門安踏貿易有限公司 Xiamen ANTA Trading Co., Ltd. (Note (ii))	PRC	HKD300,000,000	–	100%	Trading of sporting goods
寧波群鯉服飾有限公司 Ningbo Qunli Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
福建安踏物流信息科技有限公司 Fujian ANTA Logistics Information Technology Co., Ltd. (Note (ii))	PRC	RMB779,000,000	–	100%	Logistics services
四川安踏物流科技有限公司 Sichuan ANTA Logistics Technology Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Logistics services
長汀安踏體育用品有限公司 Changting ANTA Sports Products Co., Ltd. (Note (ii))	PRC	RMB77,262,000	–	100%	Manufacturing of sporting goods
廈門安踏體育用品有限公司 Xiamen ANTA Sports Goods Co., Ltd. (Note (ii))	PRC	HKD50,000,000	–	100%	Manufacturing of sporting goods
廈門安踏實業有限公司 Xiamen ANTA Industrial Co., Ltd. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of sporting goods
商丘安踏鞋業有限公司 Shangqiu Anta Shoes Co., Ltd. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	85%	Manufacturing of sporting goods
泉州安踏鞋材有限公司 Quanzhou ANTA Material Supply Co., Ltd. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of shoe sole
河南安踏鞋材有限公司 Henan ANTA Material Supply Co., Ltd. (Notes (ii) and (iii))	PRC	RMB150,000,000	–	100%	Manufacturing of shoe sole
泉州市東禕達輕工發展有限公司 Quanzhou Dongyida Light Industry Development Co., Ltd. (Notes (ii) and (iii))	PRC	RMB53,565,023	–	100%	Manufacturing of shoe sole
泉州寰球鞋服有限公司 Quanzhou Athletic Shoes & Garments Co., Ltd. (Note (ii))	PRC	USD26,260,000	–	55%	Manufacturing and trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
廈門安踏進出口有限公司 Xiamen ANTA Import & Export Co., Ltd. (Note (ii))	PRC	RMB21,000,000	–	100%	Trading of sporting goods
廈門安踏服飾有限公司 Xiamen ANTA Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
廈門安競服飾有限公司 Xiamen Anjing Style Co., Ltd.) (Notes (ii) and (iii))	PRC	RMB10,000,000	–	52%	Retailing of sporting goods
廈門安魯服飾有限公司 Xiamen Anlu Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	65%	Retailing of sporting goods
廈門安速服飾有限公司 Xiamen Ansu Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods
廈門競哈服飾有限公司 Xiamen Jingha Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods
廈門安踏電子商務有限公司 Xiamen ANTA E-Commerce Co., Ltd. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	100%	Retailing of sporting goods
泉州群鯉電子商務有限公司 Quanzhou Qunli E-Commerce Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之業體育用品有限公司 Xiamen Anzhiye Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之鴻體育用品有限公司 Xiamen Anzhihong Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之運體育用品有限公司 Xiamen Anzhiyun Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之途體育用品有限公司 Xiamen Anzhitu Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
廈門安之偉體育用品有限公司 Xiamen Anzhiwei Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之品體育用品有限公司 Xiamen Anzhipin Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之吉體育用品有限公司 Xiamen Anzhiji Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之祥體育用品有限公司 Xiamen Anzhixiang Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之高體育用品有限公司 Xiamen Anzhigao Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之昌體育用品有限公司 Xiamen Anzhichang Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之啟體育用品有限公司 Xiamen Anzhiqi Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之動體育用品有限公司 Xiamen Anzhidong Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之意體育用品有限公司 Xiamen Anzhiyi Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之財體育用品有限公司 Xiamen Anzhicai Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之喜體育用品有限公司 Xiamen Anzhixi Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
廈門安之奧體育用品有限公司 Xiamen Anzhiao Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之廣體育用品有限公司 Xiamen Anzhiguang Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之滬體育用品有限公司 Xiamen Anzhihu Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之閩體育用品有限公司 Xiamen Anzhimin Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之心體育用品有限公司 Xiamen Anzhixin Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之書體育用品有限公司 Xiamen Anzhishu Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之泰體育用品有限公司 Xiamen Anzhitai Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之錦體育用品有限公司 Xiamen Anzhijin Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之強體育用品有限公司 Xiamen Anzhiqiang Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
上海安踏體育用品有限公司 Shanghai ANTA Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Research and development
河南安踏體育用品有限公司 Henan ANTA Sports Products Co., Ltd. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Trading of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
福建安越體育科技有限公司 Fujian Anyue Sports Technology Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Property management
上海安踏實業有限公司 Shanghai ANTA Industrial Co., Ltd. (Notes (ii) and (iii))	PRC	RMB310,000,000	–	100%	Property management
瀋陽安踏實業有限公司 Shenyang ANTA Industrial Co., Ltd. (Notes (ii) and (iii))	PRC	RMB40,000,000	–	100%	Property management
上海耀盛實業發展有限公司 Shanghai Yaosheng Industrial Development Co., Ltd. (Notes (ii) and (iii))	PRC	RMB800,000,000	–	100%	Property management
廈門群鯉實業有限公司 Xiamen Qunli Industrial Limited (Note (ii))	PRC	RMB160,000,000	–	100%	Property management
晉江安心物業管理有限公司 Jinjiang Anxin Property Management Co., Ltd. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Property management
廈門斐越信息技術有限公司 Xiamen Feiyue Information Technology Co., Ltd. (Note (i))	PRC	RMB10,000,000	–	100%	Information technology service
Avid Sports Malaysia Sdn. Bhd.	Malaysia	MYR1,000,001	–	50%	Retailing of sporting goods
Avid Sports Management Services Sdn. Bhd.	Malaysia	MYR1	–	50%	Investment holding
Avid Sports International Limited	BVI	USD9,000,000	–	50%	Investment holding
Avid Sports Limited	Hong Kong	HKD1	–	50%	Investment holding and trading of sporting goods
Fila Marketing (Hong Kong) Limited	Hong Kong	HKD79,800,000	–	100%	Retailing of sporting goods
Fila (Macao) Limited	Macao	MOP25,000	–	100%	Retailing of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Motive Force Sports Products (Singapore) PTE. LTD.	Singapore	SGD500,000	–	100%	Retailing of sporting goods
Motive Force E-commerce Limited	Hong Kong	HKD1,000,000	–	100%	Retailing of sporting goods
斐樂服飾有限公司 Fila Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
上海斐盈壹號服飾有限公司 Shanghai Feiyingyihao Style Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
上海群鯉服飾有限公司 Shanghai Qunli Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
寧波斐越服飾有限公司 Ningbo Feiyue Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Trading of sporting goods
福建安越服飾有限公司 Fujian Anyue Style Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	100%	Trading of sporting goods
斐尚服飾有限公司 Feishang Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	60%	Retailing of sporting goods
斐達服飾有限公司 Feida Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	52%	Retailing of sporting goods
斐鴻服飾有限公司 Feihong Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB20,010,000	–	51%	Retailing of sporting goods
泉州斐越電子商務有限公司 Quanzhou Feiyue E-Commerce Co., Ltd. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Retailing of sporting goods
泉州斐翔電子商務有限公司 Quanzhou Feixiang E-Commerce Co., Ltd. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Retailing of sporting goods
Full Prospect Sports Limited	Cayman Islands/Hong Kong	USD100	–	85%	Investment holding
Full Prospect (IP) PTE. Ltd.	Singapore/Hong Kong	USD100,000	–	85%	Trademark holding

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
Fila China Investment Limited	Hong Kong	HKD1,000,000	–	85%	Investment holding and trading of sporting goods
斐樂體育有限公司 Fila Sports Co., Ltd. (Note (i))	PRC	RMB100,000,000	–	85%	Trading of sporting goods
上海斐樂體育發展有限公司 Shanghai Fila Sports Development Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	85%	Trading of sporting goods
REEDO International Limited	BVI/Hong Kong	RMB241,000,662	–	100%	Investment holding
SPRANDI Investment Limited	Hong Kong	HKD1	–	100%	Investment holding
REEDO (Hong Kong) Limited	Hong Kong	HKD100	–	100%	Investment holding
斯潘迪（中國）有限公司 SPRANDI (China) Co., Ltd. (Note (i))	PRC	RMB211,000,000	–	64%	Trading of sporting goods
廈門斯潘迪有限公司 Xiamen SPRANDI Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	64%	Retailing of sporting goods
Descente China Holding Limited	Cayman Islands	RMB1,012,105,000	–	54%	Investment holding
Descente China Investment Limited	Hong Kong	RMB1	–	54%	Investment holding and retailing of sporting goods
Descente China IP Limited	Cayman Islands	USD100,000	–	49%	Trademark holding
迪桑特（中國）有限公司 Descente (China) Co., Ltd. (Note (i))	PRC	RMB100,000,000	–	54%	Trading and retailing of sporting goods
上海迪知服飾有限公司 Shanghai Digi Apparel Co., Ltd. (Notes (ii) and (iii))	PRC	–	–	54%	Retailing of sporting goods
上海迪晟服飾有限公司 Shanghai Disheng Apparel Co., Ltd. (Notes (ii) or (iii))	PRC	RMB20,000,000	–	54%	Retailing of sporting goods
Digi (Macao) Limited	Macao	MOP25,000	–	54%	Retailing of sporting goods
安啟服飾有限公司 Anqi Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest Direct	Indirect	Principal activities
Kolon Sport (China) Holdings Limited	Hong Kong	USD80,000,000	–	50%	Investment holding and retailing of sporting goods
Kolon Sport China (IP) Pte. Ltd.	Singapore/Hong Kong	USD33,220,000	–	50%	Trademark holding
富恩施(北京)貿易有限公司 FNC Kolon (Beijing) Co., Ltd. (Note (i))	PRC	USD18,000,000	–	50%	Retailing of sporting goods
可隆體育(中國)有限公司 Kolon Sport (China) Co., Ltd. (Note (i))	PRC	RMB100,000,000	–	50%	Trading of sporting goods
上海群隆服飾有限公司 Shanghai Qunlong Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	50%	Retailing of sporting goods
Qunlong (Macao) Limited	Macao	MOP25,000	–	50%	Retailing of sporting goods
SKC Group Limited	Hong Kong	HKD20,286,500	–	100%	Investment holding
韻利(上海)商業有限公司 Yunli (Shanghai) Trading Co., Ltd. (Notes (i) and (iii))	PRC	HKD11,000,000	–	100%	Trading of sporting goods
Kingkow Investment Limited	Hong Kong	HKD1	–	100%	Investment holding
Kingkow (IP) Pte. Ltd.	Singapore/Hong Kong	USD1	–	100%	Trademark holding
小笑牛(中國)有限公司 Kingkow (China) Co., Ltd. (Note (i))	PRC	RMB35,000,000	–	100%	Trading of kid's apparel goods
小笑牛服飾有限公司 Kingkow Style Co., Ltd. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of kid's apparel 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 based on the official language of their respective place of incorporation.

GLOSSARY

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

AMER SPORTS
Amer Sports Oy (Amer Sports Corporation), a sporting goods company incorporated in the Republic of Finland

ANDA HOLDINGS
Anda Holdings International Limited

ANDA INVESTMENTS
Anda Investments Capital Limited

ANTA
ANTA brand

ANTA INTERNATIONAL
Anta International Group Holdings Limited

ANTA KIDS
ANTA KIDS brand, which offers ANTA products for children

ANTA SPORTS/ COMPANY
ANTA Sports Products Limited

ANTA STORE(S)
ANTA retail store(s)

AS HOLDING
Amer Sports Holding (Cayman) Limited, formerly known as Mascot JVCo (Cayman) Limited

AUDIT COMMITTEE
The audit committee of the Company

BOARD
The Board of Directors of the Company

BVI
The British Virgin Islands

CG CODE
Corporate Governance Code set out in Appendix 14 to the Listing Rules

CHINA/PRC
People's Republic of China

COC
Chinese Olympic Committee

CSD
Chinese Sports Delegation

DESCENTE
DESCENTE brand

DESCENTE STORE(S)
DESCENTE retail store(s)

DTC
Direct to Consumer

EBITDA
Earnings before interest, taxes, depreciation and amortisation

ESG
Environmental, social and governance

EURO, EUR
Euro, the lawful currency of European Union

EXECUTIVE DIRECTORS
Executive directors of the Company

FILA
FILA brand

FILA FUSION
The sub-brand of FILA, which offers youth's trendy clothing

FILA KIDS
FILA KIDS brand, which offers FILA products for children

FILA STORE(S)
FILA retail store(s)

GDP
Gross Domestic Product

GROUP
The Company and its subsidiaries

HEMIN HOLDINGS
Hemin Holdings Limited

HONG KONG
The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HKD
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

IP
Intellectual property

KOLON SPORT
KOLON SPORT brand

KOLON SPORT STORE(S)
KOLON SPORT retail store(s)

LISTING RULES
The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

MACAO
The Macao Special Administrative Region of the PRC

MAINLAND CHINA
Mainland of China, geographically excluding Hong Kong, Macao and Taiwan

MSCI
Morgan Stanley Capital International Global Standard Index

NBA
National Basketball Association

NOMINATION COMMITTEE
The nomination committee of the Company

NON-EXECUTIVE DIRECTOR
Non-executive director of the Company

O2O MODEL
Online-to-offline commerce

PANDEMIC
2019 novel coronavirus disease (COVID-19)

R&D
Research and development

REMUNERATION COMMITTEE
The remuneration committee of the Company

RISK MANAGEMENT COMMITTEE
The risk management committee of the Company

RMB
Renminbi, the lawful currency of the PRC

SHARE(S)
Ordinary share(s) of HKD0.10 each in the share capital of the Company

SHARE AWARD SCHEME
The share award scheme adopted by the Company on 19 October 2018

SHAREHOLDER(S)
Shareholder(s) of the Company

SINGAPORE
Republic of Singapore

SUSTAINABILITY COMMITTEE
The sustainability committee of the Company

US
United States of America

USD
United States Dollars, the lawful currency of the United States of America

YEAR
The year ended 31 December 2021

ANTA

ANTA 30th
不止于超越

IR.ANTA.COM

ANTA · ANTA KIDS ·FILA · FILA KIDS · FILA FUSION · DESCENTE · KOLON SPORT

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