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ANTA Sports Products Limited
安踏體育用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2020)

2009 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of ANTA Sports Products Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2009. This announcement, containing the full text of the 2009 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results. Printed version of the Company’s 2009 Annual Report will be delivered to the shareholders of the Company and available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.ir.anta.com.hk in early-March 2010.



GOAL, DREAM, TRAINING AND SPIRIT

ANTA Sports Products Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

Annual Report 2009



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

2009

The Group sponsored
the sportswear for the CSD in
**Asian Youth Games,
Asian Indoor Games and
East Asian Games in 2009.**
We are confident in providing high-quality
gear for them in the coming
international games



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



The 3rd Asian Indoor Games
November 2009
Hanoi, Vietnam

The 7th Asian Winter Games
February 2011
Almaty, Kazakhstan

The 16th Asian Games
November 2010
Guangzhou, China

The 3rd Asian Beach Games
August 2012
Haiyang, China

The 30th Summer Olympic Games
27 July to 12 August 2012
London, United Kingdom

The 1st Winter Youth Olympic Games
January 2012
Innsbruck, Austria

The 21st Winter Olympic Games
February 2010
Vancouver, Canada

The 2nd Asian Beach Games
December 2010
Muscat, Oman

The 5th East Asian Games
December 2009
Hong Kong SAR, China

The 1st Asian Youth Games
July 2009
Singapore

The 1st Youth Olympic Games
August 2010
Singapore





Cover Story

ANTA Sports sponsored sportswear for the CSD in the Vancouver 2010 Winter Olympic Games. The cover showcases the tailor-made sportswear on renowned winter sports athletes, including Yang Yang, Han Xiaopeng, Li Nina, Zhang Dan, Zhang Hao, Pang Qing, Tong Jian and Zhou Yang who are endorsed by ANTA Sports. The flags highlighting the strategic partnership between the COC and ANTA Sports symbolise our support on the CSD and sports industry development in China. Moreover, the reddish sky represents the spirit of fortitude and toughness of Chinese athletes.



COC Events 2009-12 (Inside frontcover)

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Investors Information (Inside backcover)

Board

Executive Directors

Ding Shizhong (Chairman)
Ding Shijia
Lai Shixian
Wang Wenmo
Wu Yonghua
Zheng Jie

Independent Non-Executive Directors

Yeung Chi Tat
Lu Hong Te
Dai Zhongchuan

Company secretary

Ling Shing Ping *FCCA FCCA*

Board committees

Audit committee

Yeung Chi Tat (Chairman)
Lu Hong Te
Dai Zhongchuan

Remuneration committee

Ding Shizhong (Chairman)
Lu Hong Te
Dai Zhongchuan

Nomination committee

Lu Hong Te (Chairman)
Yeung Chi Tat
Lai Shixian

Authorised representatives

Lai Shixian
Ling Shing Ping

Registered offices

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

Unit No. 4408
44th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

Head offices in the PRC

Jinjiang

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

Xiamen

ANTA Operational Centre
Yiai Road, Siming District
Xiamen, Fujian Province, PRC
Postcode: 361009

Share registrars and transfer offices

Cayman Islands Principal Registrar

Butterfield Fund Services (Cayman)
Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Registrar

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

Legal adviser

Norton Rose Hong Kong

Auditors

KPMG, *Certified Public Accountants*

Internal control review adviser

SHINEWING Risk Services Limited

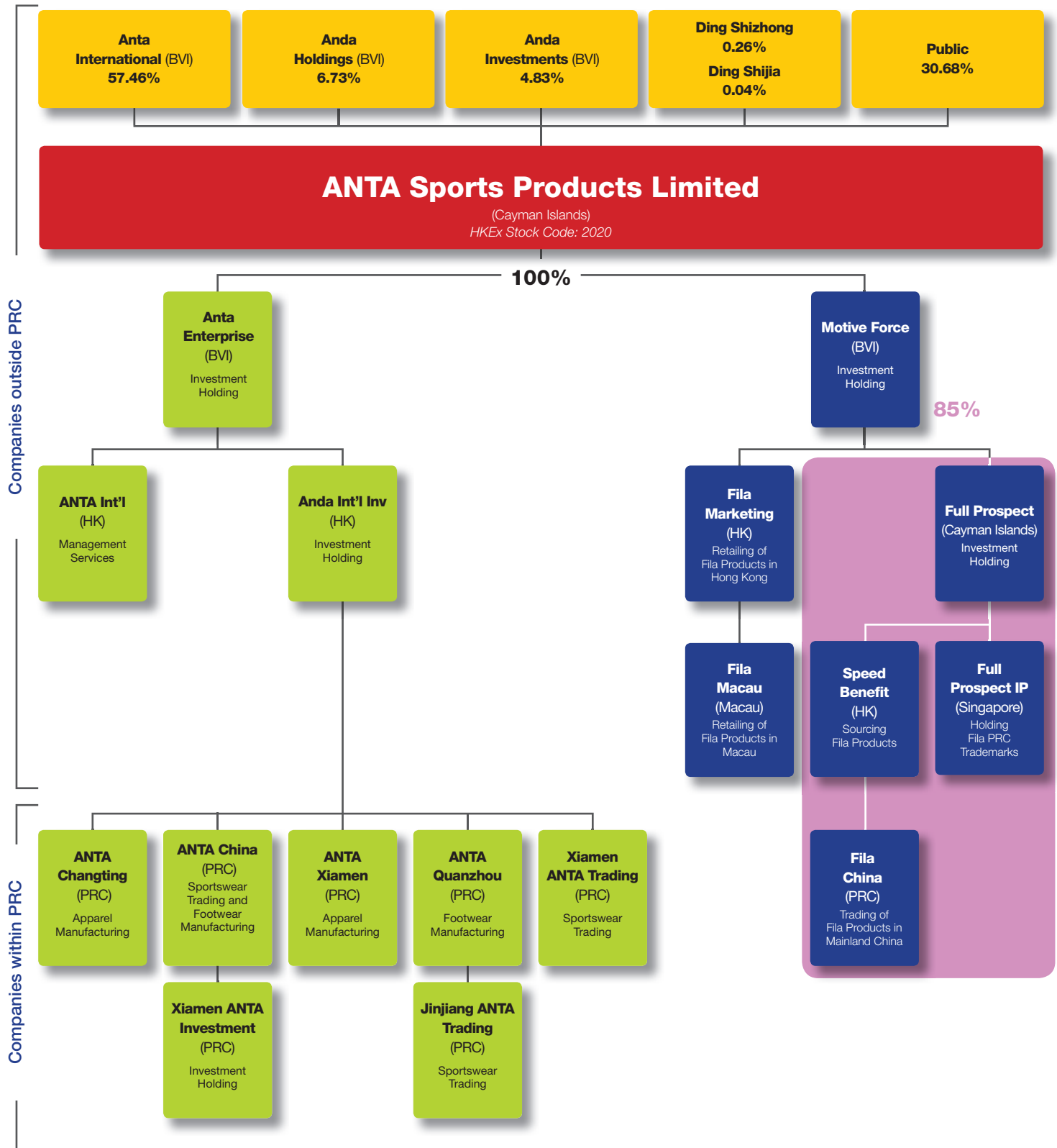
Public relations consultant

Hill & Knowlton Asia Limited

Principal bankers

Agricultural Bank of China
Industrial and Commercial Bank of China
Bank of China Limited
Bank of China (Hong Kong) Limited
China Construction Bank Hong Kong
Branch
UBS AG

GROUP STRUCTURE







SUPPORT CHINA ALTOGETHER

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

FINANCIAL OVERVIEW

	Year ended 31 December		
	2009	2008	Changes
	(RMB million)	(RMB million)	(in %)
Turnover	5,874.6	4,626.8	↑ 27.0
Gross profit	2,472.9	1,848.6	↑ 33.8
Profit from operations	1,394.8	930.7	↑ 49.9
Profit attributable to equity shareholders	1,250.9	894.8	↑ 39.8
Free cash inflow	1,156.8	827.1	↑ 39.9
	(RMB cents)	(RMB cents)	(in %)
Earnings per share			
– Basic	50.23	35.94	↑ 39.8
– Diluted	50.09	35.86	↑ 39.7
Shareholders' equity per share	203.84	179.95	↑ 13.3
	(HK cents)	(HK cents)	(in %)
Dividends per share			
– Interim	12.00	10.00	↑ 20.0
– Final	12.00	10.00	↑ 20.0
– Special	11.00	8.00	↑ 37.5
	(in %)	(in %)	(in % points)
Gross profit margin	42.1	40.0	↑ 2.1
Operating profit margin	23.7	20.1	↑ 3.6
Net profit margin	21.3	19.3	↑ 2.0
Effective tax rate	13.6	7.3	↑ 6.3
Advertising and promotional expenses (as a percentage of turnover)	12.7	13.8	↓ 1.1
Staff costs (as a percentage of turnover)	9.1	7.0	↑ 2.1
R&D costs (as a percentage of cost of sales)	3.0	3.0	–

	As at 31 December	
	2009	2008
	(in %)	(in %)
Average total shareholders' equity to average total assets	86.6	90.2
Return on average total shareholders' equity ⁽¹⁾	26.2	20.7
Return on average total assets ⁽²⁾	22.6	18.7
	(in 365 days)	(in 366 days)
Average inventory turnover days ⁽³⁾	38	43
Average trade receivables turnover days ⁽⁴⁾	16	15
Average trade and bills payables turnover days ⁽⁵⁾	35	39

Notes:

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



FIVE-YEAR FINANCIAL SUMMARY

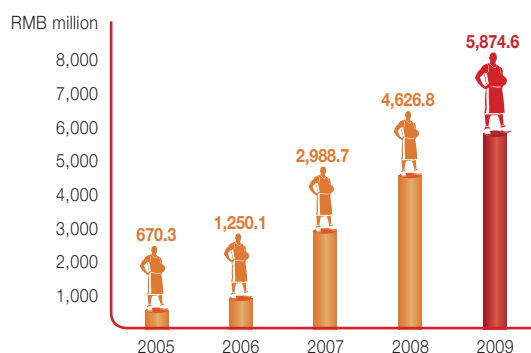
	2009	2008	2007	2006	2005
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Turnover	5,874,596	4,626,782	2,988,723	1,250,142	670,349
Gross profit	2,472,894	1,848,573	999,907	313,228	125,871
Profit from operations	1,394,777	930,659	479,256	147,280	51,566
Profit attributable to equity shareholders	1,250,941	894,791	537,793	147,417	48,033
Non-current assets	1,193,651	592,464	494,789	265,166	194,311
Current assets	4,909,755	4,350,018	4,135,949	591,189	251,792
Current liabilities	872,460	461,610	480,044	618,444	335,019
Net current assets/(liabilities)	4,037,295	3,888,408	3,655,905	(27,255)	(83,227)
Total assets	6,103,406	4,942,482	4,630,738	856,355	446,103
Total assets less current liabilities	5,230,946	4,480,872	4,150,694	237,911	111,084
Non-current liabilities	93,618	—	—	—	49
Total liabilities	966,078	461,610	480,044	618,444	335,068
Minority interests	57,389	—	—	—	—
Shareholders' equity	5,079,939	4,480,872	4,150,694	237,911	111,035
	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
Basic earnings per share	50.23	35.94	25.26	8.19	2.67
Diluted earnings per share	50.09	35.86	25.21	N/A	N/A
Shareholders' equity per share	203.84	179.95	166.69	13.22	6.17
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividends per share					
– Interim	12.0	10.0	—	—	—
– Final	12.0	10.0	8.0	—	—
– Special	11.0	8.0	—	—	—
	(in %)	(in %)	(in %)	(in %)	(in %)
Gross profit margin	42.1	40.0	33.5	25.1	18.8
Operating profit margin	23.7	20.1	16.0	11.8	7.7
Net profit margin	21.3	19.3	18.0	11.8	7.2
Effective tax rate	13.6	7.3	10.1	0.4	4.3
Advertising and promotional expenses (as a percentage of turnover)	12.7	13.8	12.4	8.3	7.0
Staff costs (as a percentage of turnover)	9.1	7.0	7.1	6.8	5.1
R&D costs (as a percentage of cost of sales)	3.0	3.0	2.5	0.5	0.2
Return on average total shareholders' equity	26.2	20.7	24.5	84.5	35.4
Return on average total assets	22.6	18.7	19.6	22.6	12.9
Average total shareholders' equity to average total assets	86.6	90.2	80.0	26.8	36.5
Debt to shareholders' equity ratio	19.0	10.3	11.6	259.9	301.7
	(in days)	(in days)	(in days)	(in days)	(in days)
Average inventory turnover days	38	43	44	42	29
Average trade receivables turnover days	16	15	14	19	26
Average trade and bills payables turnover days	35	39	51	61	27

Notes:

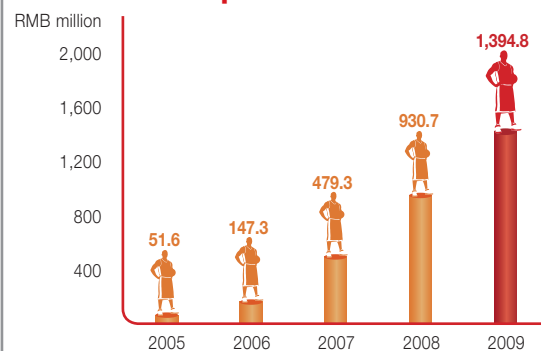
Please refer to notes on page 6 of the annual report for the definitions of return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade and bills payables turnover days.

At each year end, debt to shareholders' equity ratio is equal to total liabilities over the shareholders' equity.

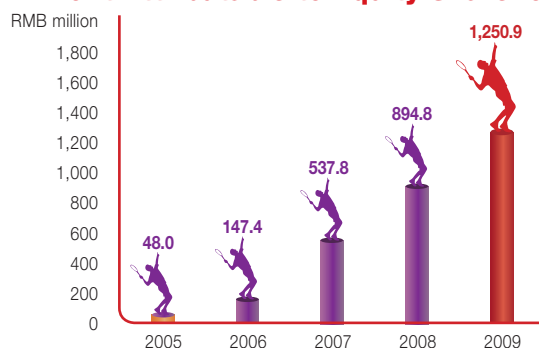
Turnover



Profit from Operations



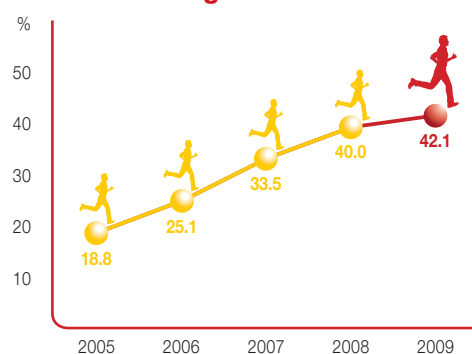
Profit Attributable to Equity Shareholders



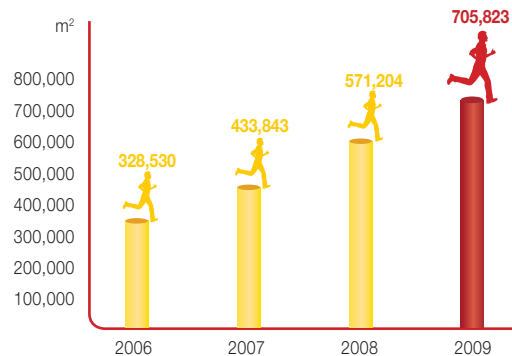
Number of ANTA Stores



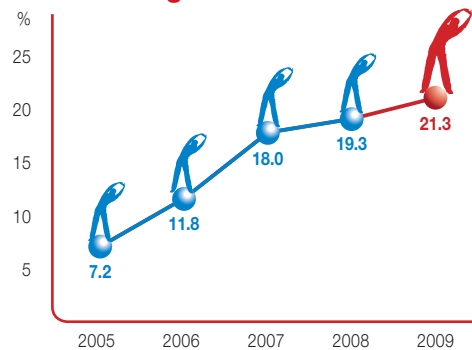
Gross Profit Margin



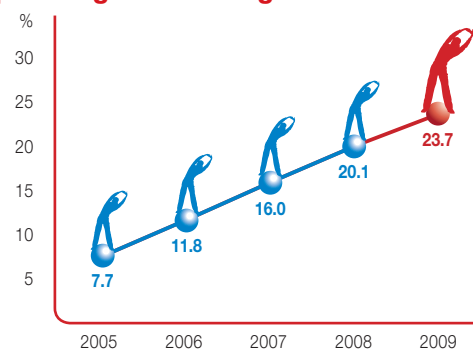
Total Sales Floor Area of ANTA Stores



Net Profit Margin



Operating Profit Margin



RESULTS HIGHLIGHTS



Financial performance

- Turnover was almost double of 2007 turnover, representing an increase of 27.0% to RMB5,874.6 million, comparing with that of 2008
- Gross profit margin increased by 2.1% points to 42.1%
- Net profit margin increased by 2.0% points to 21.3%
- Profit attributable to equity shareholders increased by 39.8% to RMB1,250.9 million
- Basic earnings per share has an increase of 39.8% to RMB50.23 cents
- 61.3% payout ratio of the 2009 profit attributable to equity shareholders
- Free cash inflow increased by 39.9% to RMB1,156.8 million

Operational performance

- Number of ANTA stores reached 6,591, a net increase of 924 stores
- Total sales floor area of ANTA stores increased by 23.6% to 705,823 sq.m.
- Average sales floor area per ANTA store increased from 100.8 sq.m. to 107.1 sq.m.
- ASP (wholesale price) increased by 1.8% to RMB95.7 for footwear and increased by 6.1% to RMB60.5 for apparel
- Average cost of footwear sold decreased by 3.6%
- Volume increased by 29.2% to 34.6 million pairs for footwear and increased by 17.6% to 39.8 million pieces for apparel

Cautionary Statement Regarding Forward-Looking Statements

This annual report 2009 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 uncertainty 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 sections of "Management Discussion and Analysis".

OUR NEW OPERATIONAL CENTRE

IN ORDER TO ENHANCE
OUR OPERATING EFFICIENCY
AND PROVIDE A BETTER WORKING
ENVIRONMENT FOR OUR STAFF,

**ANTA SPORTS' NEW
OPERATIONAL CENTRE**
IS UNDER CONSTRUCTION IN XIAMEN.



2009
MAY



2009
AUGUST

2008
SEPTEMBER

The foundation
work began on the
construction site





**2009
NOVEMBER**

Topping out ceremony



**2009
SEPTEMBER**

**EARLY
2011**

Planned completion
of our new operational centre



***BILLIONS UNITED
AS ONE
KEEP MOVING
UP TO THE TOP***

*We never fear the obstacles to change but will apply
our innovative ideas to create values for our customers.*

A Fruitful Year of 2009

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23 June 2009



**ANTA SPORTS
WAS APPOINTED
AS THE SPORTS-
WEAR PARTNER OF
COC AND OFFICIAL
PARTNER OF CSD
FROM 2009 to 2012**

P.49



**FLAGSHIP
STORE
LAUNCHED
IN XIAN**

22 March 2009



**JANKOVIC
ENDORSED
ANTA TENNIS
PRODUCTS**

18 January 2009

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**ANTA SPORTS SIGNED
ZHENG JIE AS AN
ENDORSED TENNIS PLAYER**

13 April 2009

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**PREMIER WEN
VISITED ANTA
SPORTS**

9 May 2009

**ANTA SPORTS OPENED
ITS 6,000TH STORE**

10 May 2009



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16 August 2009



**GRAND
OPENING
OF ANTA
FLAGSHIP
STORE IN
NANJING**

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**ANTA SPORTS
JOINED HANDS
WITH CCTV-5'S
"HOOPARK"**

19 September 2009

P.37

21 September 2009

**ANTA SPORTS
SPONSORED
SPORTSWEAR
FOR 5
NATIONAL
WATER SPORTS
TEAMS**



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**ANTA FLAGSHIP
STORE MARCHED
INTO ZHENGZHOU
HOTTEST SPOT**

26 September 2009



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P.31

30 September 2009

**ANTA
SPORTS
ACQUIRED
FILA
BUSINESS
IN THE PRC**

FILA

P.47



**ANTA SPORTS
BECAME
CUBA'S
STRATEGIC
PARTNER**



11 October 2009

**OLYMPIC
HEROES
JOINED THE
NATIONAL
DAY PARADE
IN ANTA'S
OUTFITS**

1 October 2009

**ANTA SPORTS
ADDED TO
MSCI GLOBAL
STANDARD INDEX**

30 November 2009

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**ANTA SPORTS SIGNED
10 RENOWNED WINTER
SPORTS ATHLETES**

December 2009



P.33

5 December – 13 December 2009



**ANTA SPORTS
PLEDGED SUPPORT
TO THE CSD IN THE
HONG KONG 2009
EAST ASIAN GAMES**

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Our Vision

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

We are dedicated to blending the spirit of “Going Beyond Oneself” into people’s daily lives, providing Chinese consumers with professional sportswear products and services, as well as promoting the popularisation and development of the “Sports for All” movement.

Ding Shizhong
Chairman

Our Mission

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



Dear Shareholders,

On behalf of the Board of ANTA Sports Products Limited, I am pleased to present the annual results of the Group for the year ended 31 December 2009 to our Shareholders.

Growth

As a result of the global economic crisis, which has undermined consumer confidence, it was inevitable that China's retail market would suffer. The Chinese government's proactive fiscal policies and economic stimulus measures aimed at spurring domestic consumption have brought a gradual recovery in the domestic market. Riding on these measures, the Group has continued to foster our brand and network strength and to take responsive actions to fully capture the market potential. Thanks to the effective strategy implementation, the Group is pleased to sustain a healthy business growth and deliver a set of impressive financial and operational figures.

During the year, the Group's turnover reached RMB5.87 billion (2008: RMB4.63 billion), representing an increase of approximately 27.0% over that of previous year. The profit attributable to equity shareholders surged 39.8% to RMB1,250.9 million (2008: RMB894.8 million). The free cash inflow increased by 39.9% to RMB1,156.8 million (2008: RMB827.1 million). The basic earnings per share were RMB50.23 cents (2008: RMB35.94 cents). In view of the outstanding performance, the Board proposed to declare a final dividend of HK12 cents and special dividend of HK11 cents per ordinary share (2008: HK10 cents and HK8 cents respectively) which, together with an interim dividend of HK12 cents (2008: HK10 cents) per ordinary share, represent a payout ratio of 61.3% of the profit attributable to equity shareholders for the year.

Breakthrough

As a leading national sportswear brand with strong sense of belonging, the Group is devoted to supporting the development of sports in China and has continuously made contributions to our country. ANTA Sports was honoured to become the Sportswear Partner of the Chinese Olympic Committee as well as the Official Partner of the Chinese Sports Delegation from 2009 through 2012. The CSD will be wearing ANTA's sportswear in various major international competitions, including the Vancouver 2010 Winter Olympic Games, the Guangzhou 2010 Asian Games and the London 2012 Olympic Games. In order to arouse the awareness in the community, we have rolled out a series of marketing events and promotional campaigns surrounding major competitions. This unique and exclusive sponsorship provides an ideal platform for ANTA Sports to enhance our brand exposure in domestic and international markets, and helps strengthen the desirability of the newly-launched COC licensed products.

As an Official Partner of the CSD, the Group is devoted to providing sportswear of superior quality to Chinese athletes. ANTA Sports was honoured to have been the sportswear sponsor for Olympics medalists and sports elites, who have made great contribution to the Chinese sports development, in the PRC's 60th Anniversary National Day parade. The CSD outfit designs first made their debut at victory ceremonies during the Hanoi 2009 Asian Indoor Games and the Hong Kong 2009 East Asian Games. Winter Olympics gold medalist, Yang Yang, and 9 winter sports elites participating in the Vancouver 2010 Winter Olympic Games, have joined ANTA's endorsement lineup too. Moreover, the Group became the sponsor and sportswear provider for 5 National Water Sports Teams. We believe the continuous collaboration with the COC

and outstanding Chinese athletes will greatly help enhance the brand value and future growth.

The Group has added significant sponsorship resources in the core tennis and basketball segments. Kicking off what was to be a successful year of endorsements, we signed up tennis stars Jelena Jankovic and Zheng Jie as our endorsed players. They now play in ANTA professional tennis sportswear in WTA matches and international competitions, thus successfully raising our brand profile and adding credibility to ANTA tennis products. The "Tennis Duo" has headlined our promotional campaigns including the "Dare to be Perfect" TVC and POP series as well as meeting with fans and tennis lovers. These initiatives not only boost the sales of our expanded tennis sportswear series but also promote the popularity of tennis in China.

In order to strengthen our competitiveness in basketball segment, the Group has struck a strategic partnership with the CUBA, a basketball league of 1,200 teams from more than 700 universities in China. The collaboration adds to the Group's existing partnership with the CBA, the leading professional basketball league in the country. ANTA professional basketball gear has made appearance on every match on campus, reaching most of the basketball fans in China. In addition, we have become the partner of CCTV5's renowned weekly basketball infotainment program "HOOPARK". Through sponsoring the CBA, CUBA and "HOOPARK", together with our endorsed NBA and CBA players, the Group has strategically marshalled a comprehensive portfolio of basketball sponsorship resources to help consolidate our leading position in the basketball market.



Expansion

When facing the very challenging market environment, the Group continues to communicate and work closely with our distributors and franchisees to enhance their network management capability so as to boost their confidence in ANTA and network expansion. Moreover, the Group has further strengthened the network management systems to ensure more effective execution of strategies to timely respond to market changes. Following the openings of the 6,000th store and 3 ANTA flagship stores in Xian, Nanjing and Zhengzhou, the number of ANTA stores has reached 6,591 as at 31 December 2009, representing a net increase of 924 ANTA stores during the year. We have strategically expanded our presence in densely populated areas with rapid economic growth to sustain our leading position in second and third tier cities. By fostering the working relationship with the retailers, we are pleased to see a prominent retail performance in terms of strong sales and network growth as well as healthy inventory and discount level.

The Group is not only devoted to optimising the quality and size of ANTA stores, but we also organise various interactive marketing activities from time to time, such as fans gatherings for sponsored players and sports teams at key ANTA stores. Through the perfect integration of quarterly POP and visual merchandising for each ANTA sportswear series, our products are showcased in a vibrant and trendy layout so as to provide our customers a refreshing shopping experience. Meanwhile, ANTA Kids and Sports Lifestyle series stores have been expanding steadily to strengthen the market penetration.

While strengthening ANTA's leading position in the mass market, the Group also explores extending our reach to the high-end sportswear market. On 30 September 2009, the Group completed the acquisition of the 85% of equity interest of Full Prospect and the entire

equity interest of Fila Marketing, including the Fila trademarks related to the "FILA" brand in mainland China, Hong Kong and Macau, as well as the Fila business in Hong Kong and Macau. This acquisition represents a good opportunity for the Group to tap the potential of high-end sportswear market as Chinese consumers' taste has become more sophisticated thus drives for better product diversification. By leveraging the Group's strong capabilities on supply chain and network management, we are confident that the Fila business will be another growth driver for the Group.

Consolidation

To enhance our lead in product technology and quality, the Group has stepped up the efforts in boosting our team's R&D and design capabilities and the collaboration with local and international talents. During the year, the Group has launched A-Jelly, a new footwear technology using environmental-friendly material, which possesses excellent anti-compression and shock absorbing capabilities. Thus, it offers greater comfort and protection and has wide application in ANTA tennis and running shoes. Our efforts in R&D have been recognised through the joint accreditation of ANTA Technology Centre by 5 national ministries and commissions, including the National Development and Reform Commission as "National Enterprise Technology Centre", making the Group the first and the only sportswear company to have received the honour.

Global financial crisis brought us challenges and opportunities. The Group has rolled out a five-year strategic planning project to map out a clearer path of development and growth strategy, so as to achieve our long term goals. We also aim to further enhance our operating efficiency. A number of management system optimisation projects have been rolled out, such as improving supply chain management workflow, restructuring

internal control system, as well as information system upgrades. The Group has also implemented comprehensive cost and risk control measures to enhance our competitiveness and drive for sustainable business development.

Optimism

China's economy and domestic demand have been recovering desirably since the implementation of stimulus measures. Economic restructuring policies are expected to continue to help spur consumption in urban and rural areas which will benefit the long term development of the consumer goods industry, including the sportswear product industry. The Guangzhou 2010 Asian Games and the government's efforts to promote a healthier lifestyle to the Chinese people have given us confidence in the future of the industry. Leveraging our partnership with the COC, the Group will be able to further enhance the brand equity and loyalty through the integration of advertising and sponsorship resources. Looking ahead, the consolidation of China's sportswear market is likely to accelerate to the advantage of players with strong fundamentals. We will continue to reinforce our competitive advantages so as to create greater shareholder value.

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers and business partners for their continued support. My thanks also go to the board members, management and all of our staff for their dedication and hard work.



Ding Shizhong
Chairman

Hong Kong, 24 February 2010



AWARDS AND ACHIEVEMENTS



Quality Control

a. CTC 2009 Certificate – a certificate of commendation awarded by **CTC**, a worldwide footwear and leather expert, in recognition of ANTA Sports' efforts in improving production quality and quality control

Product Design

b. Gold Award in Professional Category of Sports Leisure Shoes awarded by **China Leather Association at Footwear Design Competition 2009**

R&D

c. ANTA Technology Centre named "National Enterprise Technology Centre" by 5 national ministries and commissions, including the **National Development and Reform Commission**



d



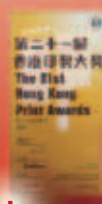
e



f



g



h



i



j

Design / Publication

d. Mercury Awards 2009 - Bronze Award for investor relations website in Sports Category

e. ARC Awards 2009 - Bronze Award in both Overall Annual Report and Printing and Production Category

f. Galaxy Awards 2009 - Gold Award for Company Brochure

g. HKMA's Best Annual Reports Awards 2009 - Best New Entry in General Category

h. Hong Kong Prints Awards 2009 - Champion for Annual Report Printing

Investor Relations / Corporate Governance

Best Mid-cap Company, Best Managed Company, Best Corporate Social Responsibility and Most Committed to a Strong Dividend Policy (Ranked 4th) awarded by FinanceAsia

i. Certificate of Excellence awarded by IR Magazine

The Asset's Corporate Awards 2009 - Gold Winner

Best Overall Corporate Governance, Best for Disclosure & Transparency, Best for Responsibilities of Management & the Board of Directors, Best for Shareholders' Rights & Equitable Treatment and Best for IR Officer awarded by Asiamoney

Other Achievements

j. ANTA Sports tops the travel and sports footwear market by market share for 8 consecutive years in a row as rated by the China General Chamber of Commerce and the China National Commercial Information Centre

MARKET REVIEW

China's Economy Growing at a Healthy Pace

Following the global financial crisis in 2008, governments around the world including China have joined hands to introduce measures aimed at preventing the economy from falling further and kick starting growth. In the second half of 2009, the Chinese economy was among the first to emerge from the global slowdown when it posted steady growth amid a range of stimulus measures, including a moderately relaxed monetary policy, introduced by the government. The country's GDP growth was sustained at a "stable and relatively fast" level of 8.7% in 2009. Per capita annual income of urban residents also increased by 9.8% to RMB17,175. The data suggests that growth in the national economy has gained traction as a result of the Chinese government's efforts on boosting economic and community development.

China's exports have been falling significantly since the global financial crisis. In order to sustain GDP growth in long run, it is necessary to restructure the national economy by shifting the focus from foreign trade to domestic consumption. Helped by the measures aimed at stimulating domestic consumption, national retail sales surged by 15.5% to reach a record RMB12,000 billion in 2009. Of that, retail sales in the

clothing sector increased by 18.8% to RMB462.2 billion.

The CPI in December 2009 grew for the first time after 10 consecutive months of declines, although the CPI for 2009 was 0.7% lower than that in the previous year. It is generally expected that the Chinese government will continue to focus on spurring domestic consumption through its previously announced RMB4 trillion stimulus package, which will continue to fuel the uptrend of retail sales.

Sportswear Market Competitive yet Offers Growth Potential

China's sportswear market has always been competitive, particularly in the few years leading up to the Beijing Olympics when a number of new entrants sought to expand their distribution networks and share of the market aggressively. However, the industry is likely to go through a phase of consolidation as it continues to mature. Sportswear companies with strong fundamentals, including high levels of product differentiation and brand recognition, as well as better management and execution capabilities are expected to emerge stronger from the race.

The Chinese government has been actively promoting the popularisation



and development of the "Sports for All" movement, resulting in greater public participation in sports. Following the Beijing Olympics, major sporting events such as the Guangzhou 2010 Asian Games will continue to help raise public awareness of health issues and encourage more people to take up sports and exercises. As a result of the country's continued urbanisation and further improvement in living standards, demand for both professional and trendy sportswear products are expected to grow even stronger.

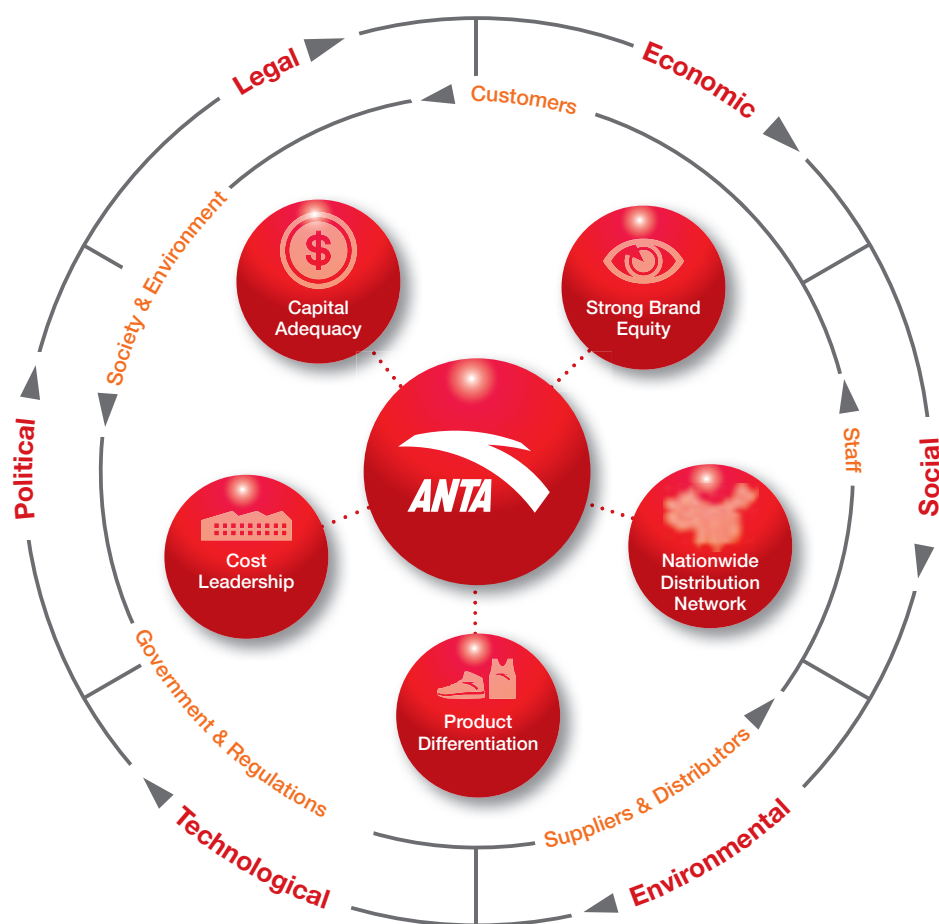
China's Economic Data

National Income	GDP	RMB33,535.3 billion	YoY ↑	8.7%
Urban Residents' Income	Per capita disposable income	RMB17,175	YoY ↑	9.8%
Consumption	National retail sales of consumer goods	RMB12,534.3 billion	YoY ↑	15.5%
	Clothing sector (including sports footwear and apparel)	RMB462.2 billion	YoY ↑	18.8%
Inflation	CPI	99.3 (2008=100)	YoY ↓	0.7%
	PPI	94.6 (2008=100)	YoY ↓	5.4%

Source: National Bureau of Statistics of China (as at 31 December 2009)



PESTEL and Competitive Advantages



Competitive Advantages

Strong Brand Equity

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

Nationwide Distribution Network

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

Product Differentiation

- A wide range of product mix and lines
- Setting national quality standards
- Strong alliance with designers and R&D institutes

Cost Leadership

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

Capital Adequacy

- Sufficient funding for future business development
- No bank or other borrowings

Corporate Social Responsibility

- Corporate citizenship and public relations
- Close communication with stakeholders

External Environment

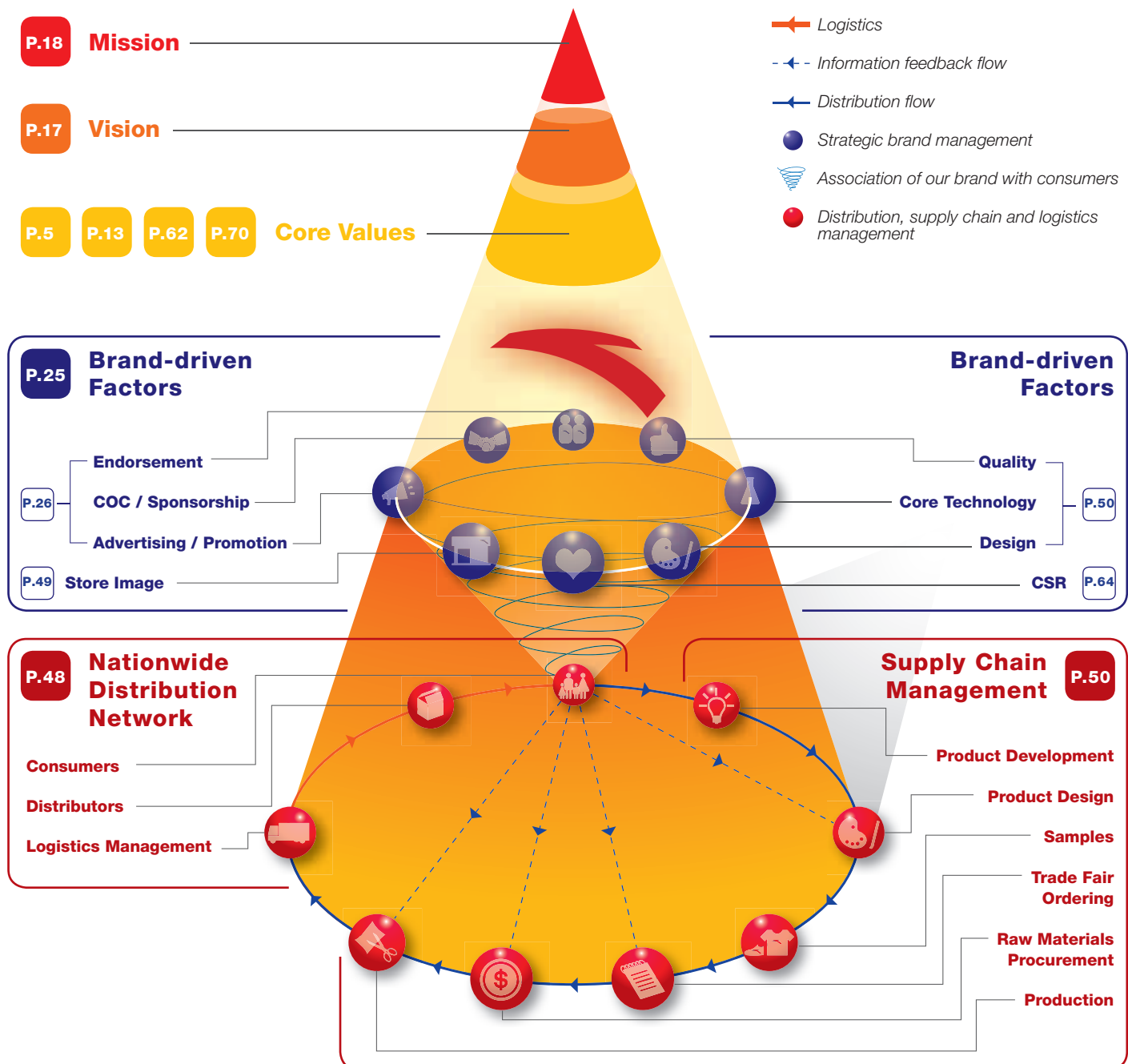
Economic	Legal	Environmental
• Per capita disposable income growth rate • Degree of urbanisation	• Compliance • Health and safety	• Protection and education • Seasonality
Technological	Social	Political
• Products' functionality • Performance-based sportswear products • Trendy sportswear products	• Sports participation rate • Consumers' taste and preference • Individual expenditure on sportswear products	• Government's concern of citizens' health • Promotion of sporting activities in schools



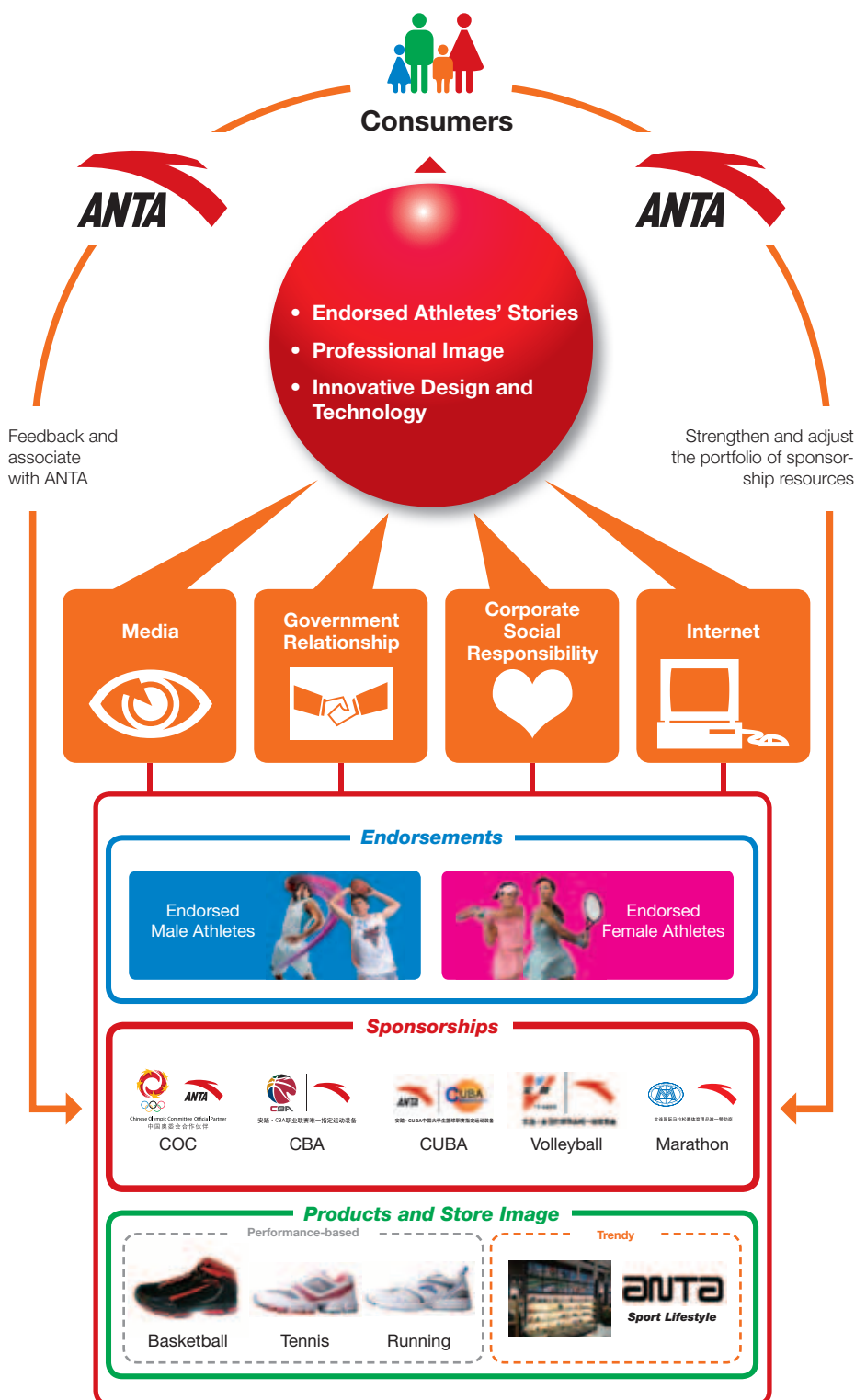
BUSINESS REVIEW

Brand-driven Business Model

The Group positions ourselves as a brand management company which integrates our sponsorship and endorsement resources, advertising and promotional activities, CSR, store image, value-for-money performance-based and stylish products to reinforce our brand image and level of brand association. Our brand drives the distribution channel and the supply chain to serve our consumers and to achieve our vision, mission and core values.



Strategic Brand Management Model



Strong Brand Equity

Riding on our vast sports sponsorship resources and quality sportswear products, ANTA Sports has been enjoying leading brand recognition and desirability in China. During the year, ANTA Sports has achieved major breakthroughs in its portfolio of premium sports sponsorship and endorsement resources. "23 June 2009" marked an important milestone in our brand's history. The Group announced its strategic partnership with the COC to provide sportswear to the CSD for key international competitions from 2009 to 2012. Since then, the Group has worked closely with the COC on various events and marketing programs, which have gained us wide domestic and international exposure. The partnerships with the COC and CSD not only reaffirm the world-class quality of ANTA products, they also recognise the Group's contributions to the development of sports in China. Such collaborations are expected to help further differentiate our brand, as well as drive the Group's persistent business growth.

2009 was also a fruitful year for the Group in terms of enhancing its marketing resources for key product segments. The Group has struck deals with influential basketball league on campus, CUBA, and CCTV's basketball infotainment program "HOOPARK", which complement the popular CBA sponsorship and Luis Scola endorsement to form the most solid basketball marketing resources. For tennis, our endorsed players Jelena Jankovic and Zheng Jie, have successfully strengthened the association of our brand with the world of professional tennis. The Group has also enlarged the above product series using differentiated technology which further increases brand desirability.



Brand Management Strategy

The Group's brand management strategy is to effectively integrate the sports endorsements and sponsorships with innovative advertising and promotional campaigns as well as consistent store image to reach our target customers and to enhance the brand differentiation.

• Endorsements and Sponsorships

By sponsoring elite athletes, top-tier sports leagues and associations, the Group has fostered our professional image in the performance-based sportswear market by proving the premium quality and design of our sportswear products on endorsed players and in sponsored events. On top of the COC sponsorship in promoting our brand image, we have strategically directed marketing resources to basketball, tennis and running areas so as to echo our market and product diversification strategy. As at the end of 2009, the

Group has built a solid portfolio of sponsorship resources (please refer to the table below).

• Advertising and Promotional Campaigns

Besides sports sponsorships and endorsements, ANTA Sports also explores different promotional channels to highlight our product differentiation through integrating sports resources with advertisements, in-store marketing and various promotional activities. The Group also joins hands with CCTV to honour those who have made significant contribution to the Chinese sports industry in the preceding year. We have been the title sponsor of "ANTA CCTV Sports Personality" since 2006 which has boosted our brand awareness among the public. Riding on the growing influence of the Internet advertisement, the Group has optimised our brand website (www.anta.com) and launched "An Town" (<http://anta.qq.com>), which serves as an electronic platform

for consumers and sports fans to exchange views, gain access to the latest sports news and learn more about ANTA Sports.

Furthermore, the Group integrates marketing and product promotional events at retail stores to boost customers' sense of participation and to further strengthen our leading position in various geographical locations. The Group also invites endorsed players and CBA teams to marketing activities and store opening ceremonies to interact with fans.

• Outstanding Store Image

Smart and consistent store image is a key component of our brand image. The Group has guidelines on window and product display to highlight the marketing theme and characteristics of each season's collection. In-store posters and marketing materials are provided to retail stores to reinforce the impact of TVC and sponsorships.

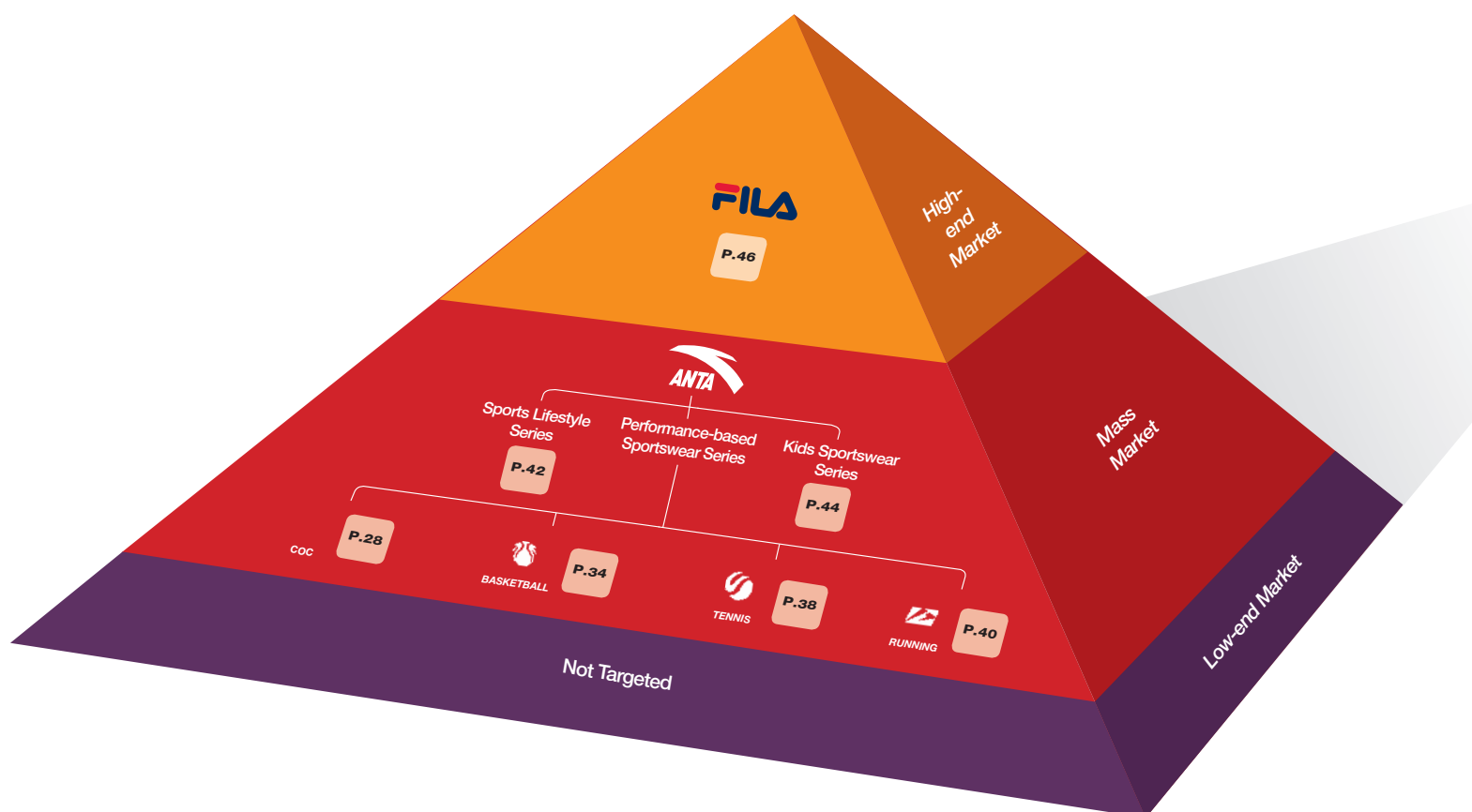
Athletes Endorsement		Sports Sponsorships	
Olympic	- Yang Yang, China's first Winter Olympics gold medalist in short track speed skating - Han Xiaopeng and Li Nina, world freestyle ski champions - Shen Xue and Zhao Hongbo, Pang Qing and Tong Jian, Zhang Hao and Zhang Dan, leading pair skaters - Zhou Yang, short track speed skating rising star	2009-2012 Sportswear Partner of the COC 2009-2012 Official Partner of the CSD - Strategic partner of the Chinese Water Sports Association - Sole sponsor of sportswear for Chinese Sailing Team, Rowing Team, Canoeing Team, Canoeing/Kayak Slalom Team and Finswimming Team	
Basketball	- Luis Scola, Huston Rockets of NBA - Tang Zhengdong, Wang Lei, Li Xiaoxu, Zhou Peng and Wu Ke, CBA players and core players of national team	- Sole sponsor of equipment and sportswear for CBA - Strategic partner of CUBA - Partner of CCTV sports channel programme "HOOPARK"	
Tennis	- Zheng Jie, Chinese female tennis star - Jelena Jankovic, leading female tennis player	Sponsor of China Tennis Grand Prix, "Swings for the Star" Junior Tennis Camp, "Tour 2016" Junior Tennis Tournament and the University Tennis Challenge	
Marathon	Chen Rong, 2007 Beijing International Marathon and 2009 Xiamen International Marathon women's champion	- Sole sponsor of equipment and sportswear for Dalian International Marathon - Sponsor of 2009 Yangzhou International Half-Marathon	
Others	Wang Hao, core player of the national table tennis team	- Title sponsor of the Men/Women's ANTA National Volleyball League, the Men/Women's ANTA National Volleyball Grand Prize Cup, the Men/Women's ANTA National Volleyball Championship Cup and the ANTA Beach Volleyball Championship Cup - Title sponsor of ANTA CCTV Sports Personality	

Brand Portfolio Model

As a result of urbanisation and increasing affluence, more Chinese people are demanding better living conditions and a healthier lifestyle. The Chinese government has been driving the development of sports through the building of infrastructure in the community. That has helped strengthen the demand for diversified sportswear products as people are getting more opportunities to participate in different sports. To target and better serve the specific needs of different customers, the Group has further enriched both our brand and product portfolios to take full advantage of the potential in each market segment.

Our performance-based sportswear products, particularly those in the basketball and running categories, have raised the profile of the brand and helped us extend our lead in the mass market. While keeping a hold on the markets of those products, the Group has also tightened its grip on the tennis market in 2009 by enriching our product offering. Taking advantage of the strategic alliance with the COC, the Group has introduced “COC licensed product series” in the fourth quarter of 2009. Furthermore, the Group has enhanced the Sports Lifestyle series and Kids sportswear series since the launch in 2008 to expand the footprints in these two markets.

During the year, the Group has acquired the FILA brand to tap the potential of the high-end sportswear market in China. FILA is an international brand that is renowned for incorporating advanced technology and stylish designs into marketable products. Together with our extensive experience in domestic sportswear market and competitive edges in supply chain and network management, the Group has built a strong foundation in capturing the growth in the high-end market. We believe the addition of the Fila business in the PRC will not only bring new drive for future growth, but also creates synergy to complement our existing business in the mass market and create a higher value for the Group.



COC



Partnership with the COC

As a leading national sportswear brand, the Group always aims at supporting the development of sports industry in China and providing tailor-made sportswear with traditional Chinese features for top Chinese athletes to highlight their spirits and characteristics to the world. The Group has been selected as the “Sportswear Partner of the COC” and the “Official Partner of the CSD” from 2009 through 2012. The exclusive strategic partnership with the COC marks an important milestone for ANTA and helps cement our leading position in

the industry. Apart from being a sportswear sponsor of the CSD in various major international competitions, including the Vancouver 2010 Winter Olympic Games, the Guangzhou 2010 Asian Games and the London 2012 Olympic Games, the Group is also planning to further collaborate with the COC to launch various campaigns to promote the Olympic spirit while driving the popularisation and development of sports in China. We believe the partnership would help sustain growth and enhance brand equity of ANTA in the long run.





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



THE 23RD OLYMPIC DAY RUN

The first promotional campaign jointly held by the Group and the COC was the "23rd Olympic Day Run". Over

2,000 participants

including Mr. Liu Peng, President of the COC, and Mr. Ding Shizhong, Chairman and CEO of ANTA Sports, ran for

3,000 meters

in Beijing to celebrate the 115th anniversary of the modern Olympic Games.



SINGAPORE 2009 ASIAN YOUTH GAMES – ASIA'S YOUTH, OUR FUTURE

The Asian Youth Games is a multi-sport event for junior athletes aged 14 to 17, making their debut in the international competition. The CSD won **25 gold**, **16 silver** and **11 bronze** medals and ranked **No.1** on the medal tally among 43 Asian countries and regions.



HANOI 2009 ASIAN INDOOR GAMES — FOR A RISING ASIA

The Asian Indoor Games is a multi-sport event that includes indoor athletics, finswimming, and 25 meters short course swimming, which are not included in Olympic Games. China sent

out a sports delegation of around **150 athletes** to compete in 15 sports categories, which won **48 gold medals** and broke **4 Asian records** during the games.



OUTFIT DESIGN COMPETITION FOR THE CSD

Hot on the heels of the Beijing Olympics is the Guangzhou Asian Games to be held in November 2010. To raise awareness of the games and to encourage public participation, the COC and the Group held a series of promotional events in July 2009, including the “Glittering Chinese Flames Together – ANTA Outfit Design Competition for the CSD at the Guangzhou 2010 Asian Games”.

After the launch of the competition, the Group invited over 100 leading designers to a forum in September 2009 named “ANTA Designers Salon”. The forum served as a platform for the designers to discuss pertinent issues on sportswear designs, such as “What design elements can best represent China?” and “Does China Sports Delegation needs a conceptual totem design?” Through the forum, a great number of innovative ideas were generated for the CSD sportswear designs.





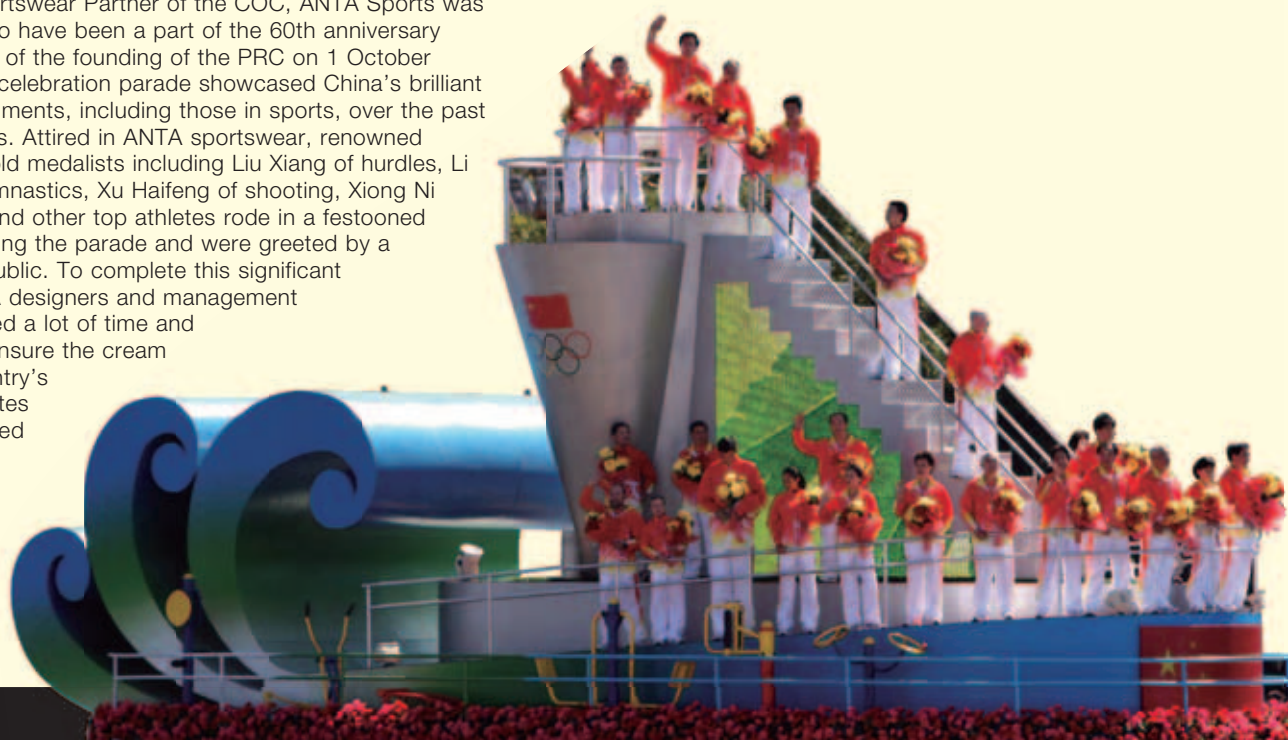
Chinese Olympic Committee Official Partner
中国奥委会合作伙伴

In November 2009, the top 25 designs of each of the apparel and footwear categories were selected out of a total of 2,300 entries by professional judges. At the final stage of the competition, 10 finalists were invited to a 7-day workshop at ANTA Sports' headquarters to refine their work. The winners will be announced at an award ceremony in the first quarter of 2010. The winning design may also be adopted in the CSD's outfits at the victory ceremony in the Guangzhou 2010 Asian Games.



OLYMPIC HEROES JOINED THE NATIONAL DAY PARADE IN ANTA'S SPORTSWEAR

As the Sportswear Partner of the COC, ANTA Sports was honoured to have been a part of the 60th anniversary celebration of the founding of the PRC on 1 October 2009. The celebration parade showcased China's brilliant accomplishments, including those in sports, over the past six decades. Attired in ANTA sportswear, renowned Olympic gold medalists including Liu Xiang of hurdles, Li Ning of gymnastics, Xu Haifeng of shooting, Xiong Ni of diving, and other top athletes rode in a festooned vehicle during the parade and were greeted by a cheering public. To complete this significant task, ANTA designers and management had invested a lot of time and efforts to ensure the cream of our country's sporting elites were dressed in their very best on this important occasion.



HONG KONG 2009 EAST ASIAN GAMES – BE THE LEGEND



China was represented by a team of **474** delegates to compete in all 22 sports categories. Along the way of breaking **24 EAG records**, the CSD's outstanding performances also won them **113 gold medals**.





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

ANTA SPORTS JOINED HANDS WITH 5 NATIONAL WATER SPORTS TEAMS

Riding on the strategic partnership with the COC, the Group further extended its support for the development of sports in China through the cooperation with the Chinese Water Sports Association. The cooperation involves the exclusive sponsorship of sportswear for China's National Water Sports Teams, including Sailing, Rowing, Canoeing, Canoeing/Kayak Slalom and Finswimming. With our solid R&D capabilities, the Group is confident in providing athletes with quality sportswear that help them achieve better results in competitions.



INTEGRATED MARKETING STRATEGY FOR BRAND ASSOCIATION WITH THE COC

During the year, the Group has progressively associated itself with the COC and top-tier Chinese athletes. As a result of our strategic partnership with the COC, we are authorised to launch COC licensed products in the mass market correlating with major competitions, and at the same time benefited from the public euphoria generated from such events. We have also further enhanced our design and R&D capabilities to differentiate the CSD's outfits and COC licensed products by our special selection of fabrics and materials. Furthermore, the Group has set up COC corners to display licensed products at major ANTA's stores to promote the Olympic spirit. ANTA-designed CSD sportswear products are also showcased in most of ANTA's stores. Going forward, we will continue to roll out marketing campaigns around major competitions so as to drive further our brand association with the COC and enhance the ANTA brand value.



ANTA SPORTS SIGNED A NUMBER OF RENOWNED WINTER SPORTS CHINESE ATHLETES

To arouse public's awareness of major international competitions, the Group also announced the endorsement of a number of renowned winter sports Chinese athletes as part of our drive to raise brand association with the Vancouver 2010 Winter Olympic Games. To that end, the Group produced a TVC and POP series surrounding the "Support China Altogether" theme, which was launched in December 2009.

- 1 **Yang Yang**, China's first Winter Olympics gold medalist in short track speed skating
- 2 **Han Xiaopeng**, winner of 2007 World Championship and 2006 Winter Olympics gold medalist in freestyle skiing
- 3 **Li Nina**, winner of 2007 and 2009 World Championship in freestyle skiing
- 4 **Pang Qing** and 5 **Tong Jian**, winners of 2006 World Championship and 2008 Grand Prix of Figure Skating Finals in pair figure skating

Shen Xue and **Zhao Hongbo**, winners of 2009 Grand Prix of Figure Skating Finals in pair figure skating

6 **Zhang Hao** and 7 **Zhang Dan**, 2009 Chinese National Games gold medalists in pair figure skating

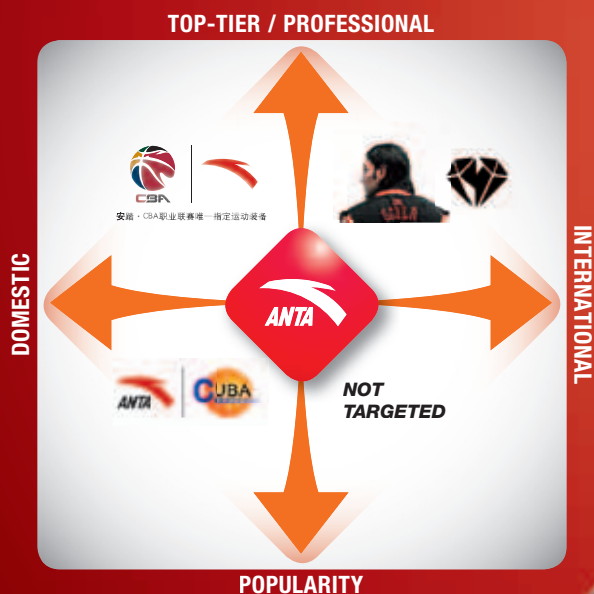
8 **Zhou Yang**, short track speed skating rising star

From Left to Right

3 2 4 5 8 7 6 1



BASKETBALL



HARDER
TRAINING BRINGS
BRIGHTER
FLAME





安踏·CBA職業聯賽唯一指定運動裝備
ANTA - Sole Equipment and
Sportswear Sponsor for the CBA



Mass Market Performance-based Basketball Series

Basketball is one of the most popular sports in China and ANTA Sports' core strength of in terms of branding and product. The Group's unique sporting resources in this area include sponsorship deals with the CBA, the country's leading professional basketball league, and with the CUBA, the premier university league, in addition to endorsements of famous basketball players and a partnership with the popular CCTV5 sports program "HOOPARK". Together, they have consolidated our brand leadership in basketball segment and our market position.

Endorsement of Renowned Basketball Players

In order to strengthen the ANTA brand's association with the sport of basketball, the Group has won the endorsement of NBA rising star Luis Scola. Luis Scola has teamed up with top Chinese center, Yao Ming, to form one of the most powerful on-court partnerships in NBA. The duo's every move throughout the basketball season is watched closely by countless basketball lovers in China.

With the nationwide broadcast of NBA matches involving Luis Scola, ANTA-designed basketball shoes for him have successfully reached national audience. The exposure helps highlight the fact that ANTA products are of international standards in design, quality and technology, therefore enhancing the international professional image of our brand. The Group has continued to work with Bill Peterson, a renowned designer in the US, to introduce new Luis Scola series basketball shoes as well as related apparel and accessories for the mass market. The designs, which embody Luis Scola's drive and determination while incorporating traditional Chinese elements, have been well received by domestic consumers.

The overall standard of professional basketball players in China is improving continuously. Several outstanding CBA players have joined the NBA over the years and have achieved good results. The CBA is one of the most popular national sports leagues in China. Basketball fans and supporters are passionate about their home teams. In order to promote the ANTA brand among this fan base, the Group has struck endorsement deals with famous CBA players, including Tang Zhengdong, Wang Lei, Li Xiaoxu, Zhou Peng and Wu Ke. Through our association with these famed players, ANTA Sports has been able to strengthen our brand image and increase consumer loyalty.



"ANTA Basketball Shoes" are tailor-made for professional players, with A-Core and A-Jelly technologies which offer excellent shock absorption and cushioning capabilities to reduce the force of impact



CBA球員 李曉旭



CBA战靴，为球场而生



BASKETBALL

KEEP MOVING FOR THE CHAMPION

Sponsorship of National Top-tier League

Apart from endorsements of outstanding NBA and CBA players, the Group has been a close partner of the CBA since 2004, making it a key force in the development of this sport in China. As the sole sportswear sponsor of the CBA, we are committed to providing the best quality footwear, apparel and equipment for every team in all games throughout the year. Their jerseys and basketball shoes all carry the ANTA logo, which has helped enhance the professional image of our products. The Group also cooperates with different CBA teams in advertising and marketing campaigns. During the 2008-2009 Season, we launched the "Harder Training Brings Brighter Flame" advertising series of TVC

and POP starring several popular CBA teams, such as "Bayi", "Liaoning", "Jiangsu" and "Guangdong". Through the promotion, the Group aims to create better awareness and enlarge the following of basketball. Another advertising series "Keep Moving for the Champion" was launched around the playoff matches and finals to arouse the public's passion for basketball. At the same time, the CBA product series such as All-star game and Finals edition basketball shoes were introduced to the market with impressive results. CCTV5 provides live and recorded broadcasts of regular and playoff games nationwide. All these promotions help enhance ANTA's visibility at all CBA games and increase the brand and product awareness of ANTA's target customers.

Nurturing Basketball Talents

During the year, the Group has tied up with the CUBA, the leading university basketball league in China. Outstanding players from the league may have the chance to join the CBA. As a result, CUBA is regarded as a cradle for nurturing CBA stars, and is seen by students with basketball ambitions as the place to realise their dreams. The Group, with strong sports resources and experience, is dedicated to supporting the CUBA and nurturing young basketball talents, with the aim of driving the development of basketball in China, especially among young people.



安踏 · CUBA中國大學生籃球聯賽指定運動裝備
**ANTA – Official Sponsor of Equipment
 and Sportswear for the CUBA**

For the 2009-2010 Season, we are providing professional basketball gear to more than 10,000 players, coaches and judges from 700 universities. Over 2,500 exciting matches are held on campus every year and some key games are broadcast live by CCTV5. The games are watched by tens of thousands of students either on the ground or on television, making the league one of the most important basketball events in China, and almost equal to the CBA in influence. As a result, its popularity is the strongest among the 16-22 age group, who are the most active players of this sport, tallying with ANTA's target customers. The sponsorship of CUBA helps cultivate high school and university students' passion on basketball, which not only increases our brand exposure on campus, but also enables ANTA to become a part of campus life of the target customers. Therefore, their demand on professional sportswear as well as favourability and loyalty to ANTA will be enhanced.

Continuation of Brand Exposure during Off-season

CCTV5 plays a key role in the development and increasing popularity of basketball with its national broadcast of the games. It also serves as a platform for ANTA Sports to strengthen its brand association with the CBA and CUBA in the minds of basketball viewers. To gain first mover advantage on that platform, the Group has entered into an agreement with CCTV5 to be the partner of its weekly basketball infotainment program "HOOPARK", which is



one of the most popular TV sports programs in China. More importantly, it provides ANTA a channel to reach out to an audience, particularly those in the workforce, who tends to catch up with the latest in basketball by watching highlights on the program in their spare time. As "HOOPARK" is a year-round program, our brand exposure can be extended to the off-season in summer. Leveraging this influential communication platform, the Group is able to reach out to a large group of basketball enthusiasts and further enhance its brand penetration and desirability across the country.

Marketing Strategy and Product Differentiation

The Group has always focused on maintaining an integrated marketing strategy that pulls together its full range of resources, including sports sponsorship, endorsement, promotion, retail network and the Internet, to promote ANTA brand and products. During the year, the Group has launched extensive promotional campaigns including "CBA Champion Voting", "Best All Star Teams", "CBA Message Board" and "Stars in Play-off Seasons" to reinforce the interaction between the CBA and Chinese consumers. Newly-launched sportswear products such as Luis Scola's designated basketball shoes, CBA All-stars basketball shoes as well as CBA Playoffs and Champions apparel have been integrated with marketing campaigns as well as TVC and POP. The Group has also organised promotional events at ANTA stores, such as inviting well-known CBA players and winning teams to meet with fans at store opening ceremonies, to boost customers' sense of participation and to further strengthen our leading position in various geographical locations. Moreover, the Group has enhanced the CBA website (<http://www.anta.com/09cba/>) to make it easier for basketball fans to access information, such as news, games schedules, as well as featured basketball sportswear products in relation to CBA players.



MANAGEMENT DISCUSSION AND ANALYSIS

TENNIS



DARE TO BE
PERFECT



Mass Market Performance-based Tennis Series

2009 is set to be an important year for the development of tennis in China as more players are turning to professional tournaments and achieving outstanding results in international contests. Tennis products are also well received by sports lovers, especially female consumers, due to its trendy appeal. Riding on the growing popularity of tennis in China, tennis products have become one of our key focuses in 2009.

Endorsement and Sponsorship Resources

In order to strengthen our market position in tennis, the Group entered into endorsement contracts with world's leading female tennis players Jelena Jankovic and Zheng Jie during the year. The two elite players have been wearing ANTA sportswear custom designed by international designers in all tournaments (including WTA) and during training. The endorsement successfully increases our



international exposure and the credibility of ANTA's brand and products.

To boost the association between our brand and tennis products, the Group launched tennis promotional campaign "Dare to be Perfect" for the "Tennis Duo" in the third quarter of 2009, which included TVC and POP. Apart from preparing tournaments, the Tennis Duo participated in various promotional activities to interact with their fans and promote the popularity of tennis in China. Zheng Jie gave tennis lessons to the children and the wheelchair tennis team from the quake-affected area in Sichuan in her charity visit in April. In October, Jelena Jankovic appeared at ANTA Kids series store to meet young Chinese tennis players and selected tennis gear for them.

The Group supports the continuous development of tennis in China and has sponsored various tennis events including China Tennis Grand Prix, "Swings for the Star" Junior Tennis Camp, "Tour 2016" Junior Tennis Tournament and the University Tennis Challenge to nurture the future tennis stars in China.

Designated Tennis Product Series

As tennis involves lots of rapid and vigorous movements, the technical aspect of tennis products is critical for athletes' protection and performance. The Group works with top international designers to tailor-make professional sportswear in each tournament for the endorsed players, so as to help enhance their performance in competitions. Both Jelena Jankovic and Zheng Jie have been invited to take part in the product planning and design process. For instance, the Group



Jelena Jankovic's designated tennis shoes provide excellent stability and comfort to enhance her performance in tournaments



conducts various experiments including the "Footwear Dynamic Test" to track their physical movements such as sudden stop, quick start and sharp turn in the tennis court. By analysing the data, we provide the products that best fit athletes' physical condition and different courts' characteristics.

The projects also help us accumulate knowledge for enhancing the technology and functionality of our mass market tennis products. In addition to the expanded tennis product portfolio, the Group also launched a series of female products in the third quarter of 2009 named after Jelena Jankovic and Zheng Jie to echo our "Dare to be Perfect" marketing campaign. Both of the enhanced products and campaign have received positive response from the market.

RUNNING

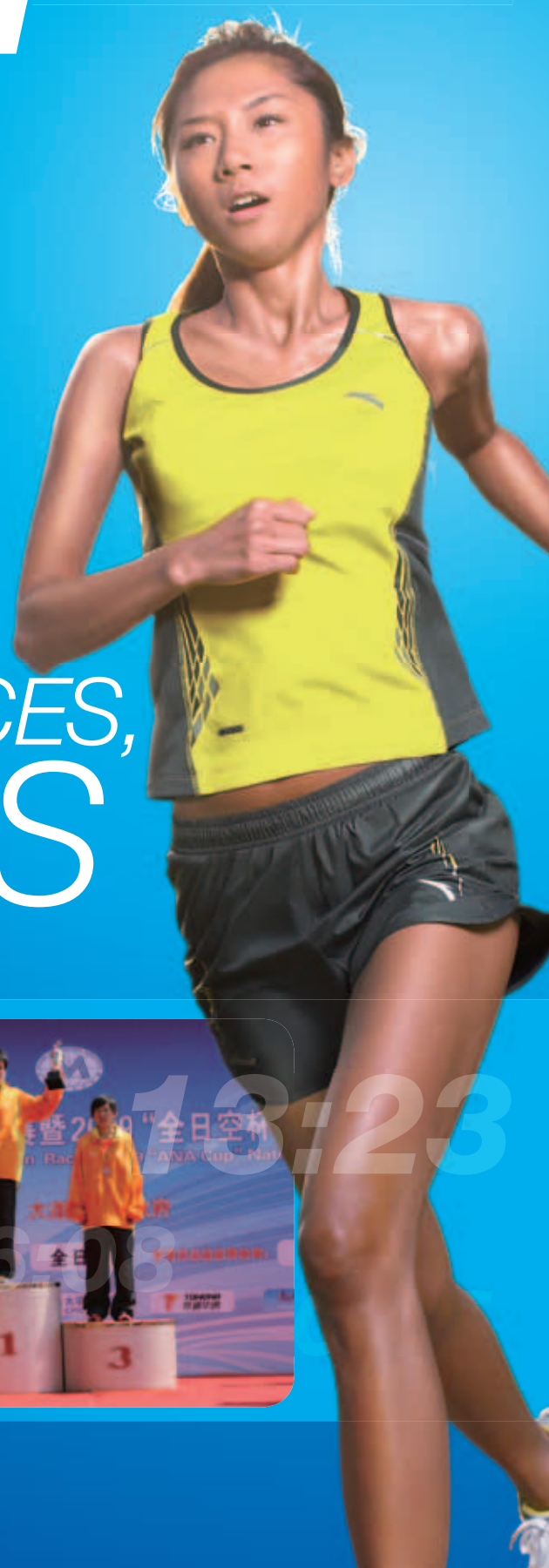


Mass Market Performance-based Running Series

Running is the most popular and accessible sports in China as it can be done regardless of time, place and the number of teammates. As the overall awareness for health and purchasing power increases, more people can afford a pair of comfortable running shoes and experience the joy of running. Running series has always been one of our purchasing best-selling categories. To capture the huge growth potential of that market, the Group has launched a comprehensive range of running products targeting at both professional and casual runners.

Endorsement and Sponsorship Resources

The Group has been the sole sponsor of equipment and sportswear of the Dalian International Marathon for three consecutive years. This year, the event attracted over 10,000 international and local runners. Not only did it break the record on the numbers of participating runners and countries, the event was also broadcast live on television for the first time. Furthermore, we sponsored the 2009 Yangzhou International Half-Marathon. The Group also sponsors Chen Rong, who won the women's champion honour in the 2007 Beijing International Marathon and in the 2009 Xiamen International Marathon.



ARDUOUS PRACTICES, FEARLESS OF HEAT AND PAIN





大連國際馬拉松賽體育用品唯一贊助商
Sole Sponsor of Equipment and
Sportswear for Dalian International Marathon



During the year, the Group succeeded in integrating the sponsorship events with products and in-store marketing campaigns. To go with the promotion on the Dalian International Marathon, the Group launched "Hydrogen Running Shoes II" and related running apparel series. Corresponding marketing campaign was launched in retail stores to echo the sponsorship event, which included the "Running Festival" held in Guangdong province. This series of events not only encouraged public participation towards running but also raised the bond between ANTA Sports and running, which solidified our influence in different areas. We were also a sponsor of the "23rd Olympic Run Day" in June 2009 to promote the spirit of "Sports for All" and the association between ANTA Sports and the COC.

A-Jelly Running Shoes

It is of utmost importance for runners to choose shoes that best fit their needs to avoid injuries. ANTA Sports believes all runners deserve a pair

of running shoes that offers maximum protection and comfort with an affordable price. Following the successful introduction of the well-received "A-Core" and "A-Cozel" shoe sole technologies, the Group unveiled the latest in-house shoe sole technology "A-Jelly" in 2009.

A-Jelly is made of bio-degradable material which is highly environmental friendly. Possessing strong anti-compression and resilience ability, the jelly-like material can change and restore its shape according to runners' movements. A-Jelly also provides runners excellent protection as its shape and performance can sustain impalement. In addition to the enhanced traction and torsion function to prevent athletes' injuries when running on uneven surface, A-Jelly shoes have also adopted the "SUPERFLEX" technology in the fore part of midsole to boost the flexing joints' comfort. Besides running shoes, A-Jelly technology is also applied to high-end basketball and tennis shoes as well as the CSD's footwear.



"Hydrogen Running Shoes II", only 170 grams in weight with enhanced shock resistance ability, were launched for the long distance runners at the Dalian International Marathon

SPORTS LIFESTYLE SERIES

NUMBER OF
SPORTS LIFESTYLE
SERIES STORES

343





Mass Market Sports Lifestyle Series

Improvements in the living standards and purchasing power of Chinese consumers in recent years have led to more sophisticated consumer preferences and created further demand for more varieties of sportswear products. Other than performance-based sportswear, consumers are also asking for stylish and distinctive sportswear that best reflects their individuality. In view of the strong demand, the Group separated and enlarged the trendy sneaker series from the existing offering in late 2008 to target customers aged between 15 and 28. As the trendy sneaker products have been well-received by customers, the Group has further enriched the product mix by adding more apparel and accessories to form a complete "Sports Lifestyle series".

Product and Marketing

Sports Lifestyle series emphasises the use of colours and stylish elements.



The stylish design reflects customers' personality

Black ANTA logo, unique store image and stylish leisure sportswear products successfully distinguish the series from the performance-based products. These products are developed under different themes including "street dance series", "fruit series" and "cool series", etc, which reflect the philosophy and personal style of teenagers and young working class. The volume of each series is limited to highlight the special product features and for better inventory management. The Group also promotes the products through youth and lifestyle magazines to reach target customers.

The Group also initiated a crossover series "Hezi" (little cardboard box in Chinese) with the cartoonist, Zhang Xiaohu, named after a comic that describes how the cartoon characters live their hectic working life in a relaxed style. It is popular among teenagers and working class in China and Taiwan. Moreover, the Group integrates products and event marketing activities to boost consumption. For



"Hezi" POP showed in Sports Lifestyle series stores



instance, we launched special edition to celebrate the 60th anniversary of the founding of the PRC, Valentine's Day and Christmas.

In order to enhance the accessibility for consumers to obtain relevant information, the Group has launched the Sports Lifestyle series website (http://www.anta.com.anta_fashionstars/) with latest products portfolio and store addresses.

Distribution Development

In order to tap the leisure sportswear market's enormous potential, the Group's first Sports Lifestyle series store was opened in August 2008 and we further expanded the network during the year. The number of Sports Lifestyle series stores grew from 33 at the end of 2008 to 343 as at the end of 2009, representing a net increase of 310 stores.



KIDS SPORTSWEAR SERIES

NUMBER OF
KIDS SERIES
STORES
228





kids



Mass Market Kids Sportswear Series

Better living standards and the “one-child policy” have raised parents’ awareness of the importance of children’s healthy upbringing. The Chinese government also encourages people, especially the students, to participate more in sports activities to reduce medical expenditure. Moreover, children’s rapid growth results in a much faster replacement of sportswear. Thus all help create market opportunities for value-for-money kids’ sportswear products with high protection and comfort. The Group introduced the Kids sportswear series in late 2008 which offers quality sports footwear, apparel and accessories for children aged between 8 and 14. It allows ANTA to grow together with our target customers and builds up strong brand loyalty.

Product and Marketing

With an orange logo, vivid image and stylish products, the Kids sportswear series target parents and children who demand trendy and simple cutting sportswear. The Group runs a separate design team for the Kids sportswear series and leverage on the experience in developing adult collections to provide protective sportswear that best fit kids’ body shape and characteristics. The Group also conducts research with professional



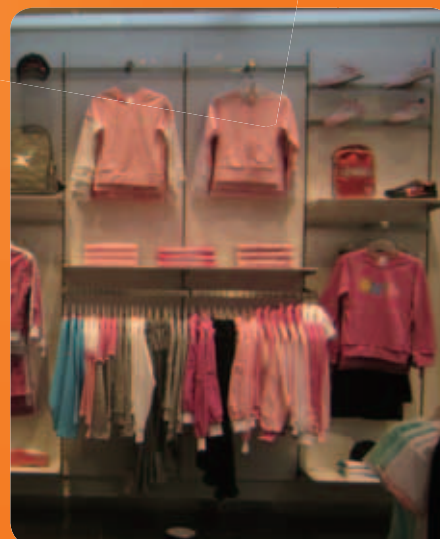
The Group provides value-for-money sportswear shoes with high protection and comfort for children

institutions on the shape of children’s feet. The project has laid a strong foundation for the development of comfortable and reliable kids’ footwear.

The Group cooperated with famous cartoonist and launched “Cartoon Series”. Also, the Group initiated the Kids sportswear series website (<http://www.antakids.com/>) in which the children and parents can easily access information about health care and products. Parents can also exchange views and discuss in the “family forum”. We will also communicate our expertise in choosing protective kids sportswear through the website.

Distribution Development

As at 31 December 2009, there were 228 Kids series stores (2008: 81) in core locations operated by distributors, representing a net increase of 147 stores.



FILA



THE GAME
**NEVER LOOKS
THE SAME
AGAIN**

*MIX OF ATHLETIC AND AESTHETIC,
AUTHENTIC AND FASHIONS,
ITALIAN AND COSMOPOLITAN*



Acquisition

On 30 September 2009, the Group completed the acquisition of the Fila PRC Trademarks through the acquisition of 85% equity interest in Full Prospect and the business of retailing Fila Products in Hong Kong and Macau through the acquisition of the entire equity interest in Fila Marketing. The total consideration was funded by the internal resources of the Group. Please referred to note 30 of the consolidated financial statements for further information on the transactions.

The "FILA" brand is a well-known global sportswear brand targeting the high-end market segment. The acquisition represents a good opportunity for us to expand our coverage to the high-end sportswear market in the PRC. The operation of Fila retail stores in Hong Kong and Macau is strategically important



for extending the brand's reputation to the PRC market. As at 31 December 2009, the Group's distributors have been operating nearly 50 Fila outlets in major cities of the PRC and the Group has nearly 10 Fila outlets in Hong Kong and Macau.

Heritage

Established in Italy in 1911, Fila made a dramatic debut as an elite sportswear brand in 1973 with two things: the F-box logo and Björn Borg. The F-box became a design icon, and while Borg was on his way to becoming one of the greatest tennis players in the sport's history, it introduced cotton ribbed, fashionable designs in vibrant colors to conservative tennis whites. The game never looks the same again.

But Fila is not just tennis. Worn by Ingemar Stenmark in his pursuit of 86 World Cup titles, Fila swept through alpine skiing. Fila graced the greens of 5 British Open and 2 Masters titles with Tom Watson. Through the 1980s and 90s, names like Reinhold Messner, Alberto Tomba, Monica Seles, Antonio Rossi, Svetlana Kuznetsova and Kim Clijsters stood out not only for their achievements, but also for the Fila designs they wore. Fila have since then branched out into fitness and wellness.

Fila becomes the leading authentic performance sportswear brand inspired by the style, elegance, and passion of its Italian heritage. It has tailored the sportswear to elite and style-conscious professional athletes around the world and has made the same fashionable offerings for their spectators.

Rejuvenation

For over three decades, Fila has been a well-known sportswear brand in the global market. In order to raise the brand awareness and impact on the young elite groups in the PRC high-end sportswear market, the Group has been studying thoroughly how to rejuvenate and reposition Fila brand in China.

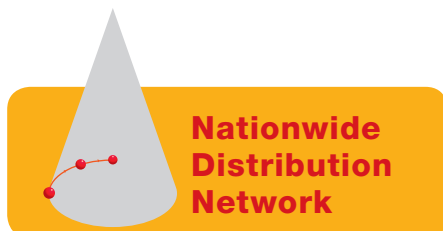
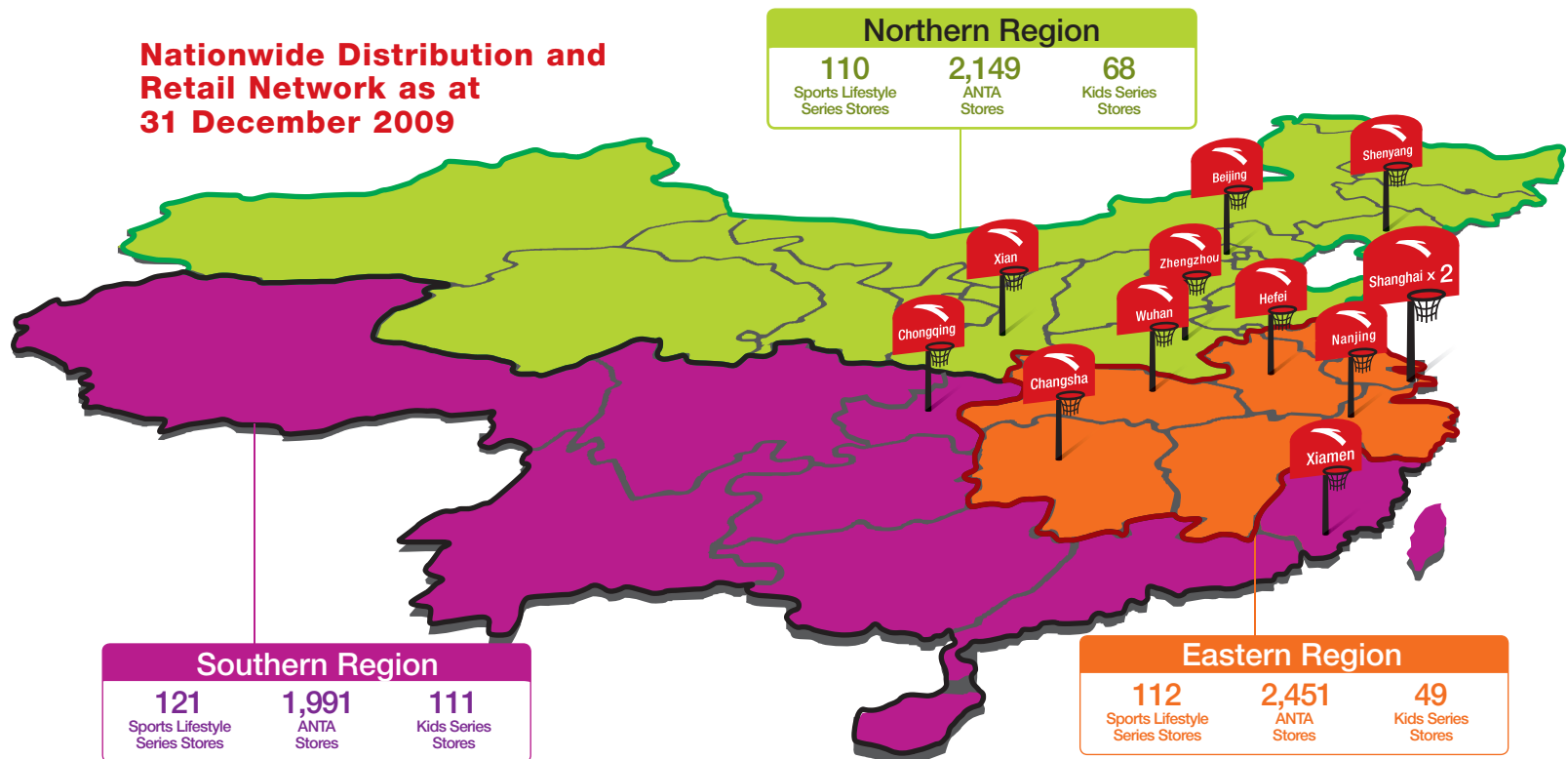
Integration

The Group has integrated the PRC team and the Hong Kong team who have deep understanding of Fila brand together with Fila's worldwide resources and designers to form a strong product development team. Through innovative design, luxurious materials, and attention to detail, the Group will mix the heritage of Fila design with the fashion elements taking into account the preferences and physical characteristics of Chinese consumers to offer a new look of Fila products to the PRC market. The Group has also

introduced OEM with extensive experience in serving international brands and high-end customer markets to strengthen supply chain.



Nationwide Distribution and Retail Network as at 31 December 2009



Nationwide Distribution Network

ANTA Brand in China's Market

The Group continues to sustain our leading position in second and third tier cities whilst strategically expanding the distribution network in China. The Group is dedicated to optimising the size, location, store image as well as the operational efficiency of ANTA stores. Distributors and franchisees are encouraged to open stores of optimal size at prime locations to align with the increasing product offerings and to enhance store profitability. The opening of the 6,000th store in Guangzhou and 3 new ANTA flagship stores marked a significant milestone in our network expansion in 2009. The

Location of ANTA Flagship Stores:

City/Province	Road/District
Shenyang, Liaoning	Zhongjie Road, Shenhe District
Beijing	Wangfujing, Dongcheng District
Xian, Shaanxi	Dongda Street, Beilin District
Shanghai	Nanjing Road East, Huangpu District
	Nanjing Road, Huangpu District
Hefei, Anhui	Passageway East, Huaihe Road
Wuhan, Hubei	Jiangnan Road, Hankou District
Changsha, Hunan	Passageway, Huangxing Road South
Chongqing	Xinbei Road, Shapingba District
Xiamen, Fujian	Zhongshan Road, Siming District
Nanjing, Jiangsu	Fuzimiao Gongyuan Street, Baixia District
Zhengzhou, Henan	Dehua Passageway, Erqi District

effectively managed distribution network enables the Group to timely launch new products to grasp market potential and to achieve long term sustainable growth.

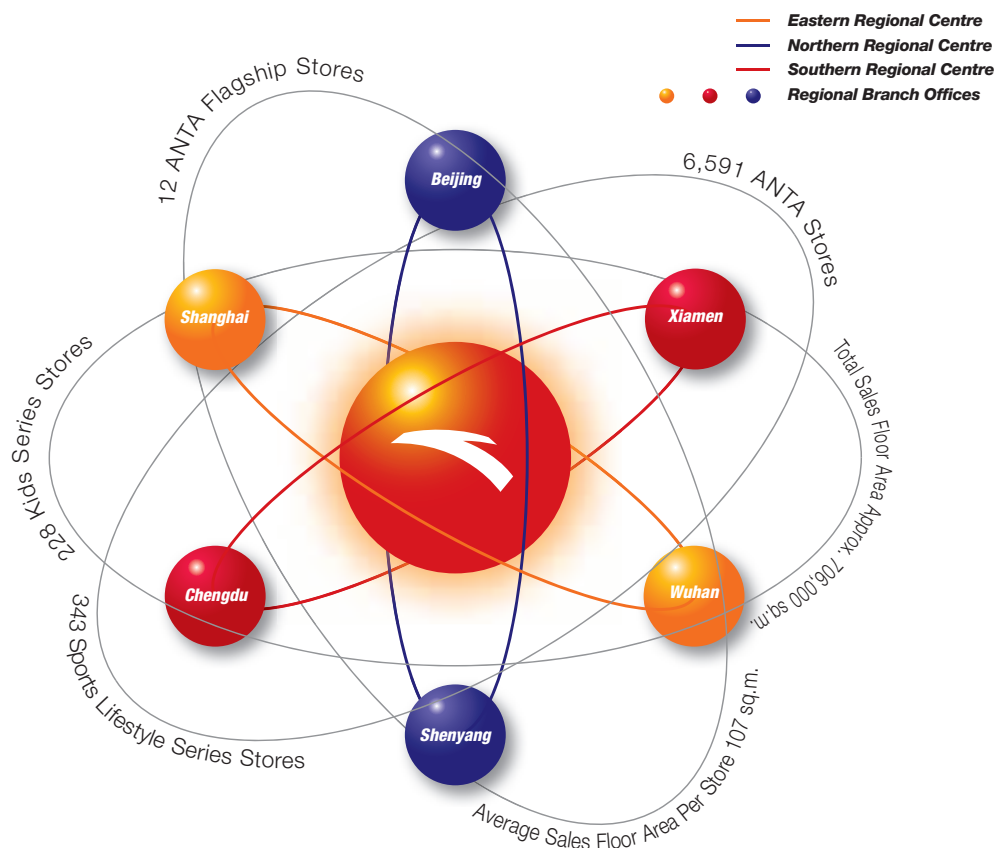
Extensive Retail Network

During the year, the Group has strategically expanded the network to various high growth and less penetrated areas to ensure healthy growth. As at 31 December 2009,

the Group managed its extensive distribution network through more than 50 distributors (2008: 47). The number of ANTA stores has reached 6,591, representing a net increase of 924 stores or a 16.3% growth compared with that of 2008. The total sales floor area and the average sales floor area per store were approximately 706,000 sq. metres and 107 sq. metres respectively.



Distribution Network and Structure



Meanwhile, the Group encourages the upgrade and refurbishment of existing stores to enhance store image and performance. 875 stores were refurbished during the year.

- **Outstanding Store Image**

In order to further enhance brand desirability and store image, the Group's distributors have set up ANTA flagship stores in key markets and densely populated areas. In 2009, 3 new flagship stores have been established in Xian, Nanjing and Zhengzhou, which bring to a total of 12 flagship stores in China. In addition, distributors and franchisees are encouraged to open or upgrade

to the fifth generation ANTA stores with better layout and product display to enhance our brand image. As at 31 December 2009, approximately 78% of ANTA stores (2008: 53%) have been upgraded to the fifth generation store standard.

- **Effective Management of Distributors and Franchisees**

The Group provides strong support to distributors and franchisees to facilitate healthy growth and effective operation of the retail network. The Group manages and supports its distributors and franchisees through 3 regional centres and 6 branch offices. Besides, "Distributors

Management Guidelines" have been further optimised to standardise operational procedures, customer service requirements and training for different regions. For example, the Group strictly examines store opening proposals from distributors and franchisees under standardised guidelines. Furthermore, the Group modified "Display Guidelines" and "Product Knowledge Booklet" to strengthen distributors and franchisees' knowledge on decoration, display and selling techniques. The Group offers incentives under a stratified management system to encourage distributors to achieve various key performance targets.

The Group has strengthened the supervision over distributors and POS, such as conducting the "Quarterly Mysterious Shoppers Survey" and "Weekly Sample Check". The Group provides guidelines to and share information with distributors and franchisees to ensure more accurate ordering at quarterly trade fairs. We monitor inventory sell-through and store performance through the ERP system and weekly reports submitted by POS. These measures enable the Group to promptly analyse, assess and monitor retail performance and inventory level for better and more responsive decision making.

ANTA Brand in Overseas Markets

The Group has selectively increased our penetration in international market. The Group's overseas distributors have opened ANTA stores and concessionary counters in Southeast Asia, Eastern Europe and Middle East. The Group has also launched TVC, placed outdoor billboards and organised public relations activities in these overseas markets.



Supply Chain Management

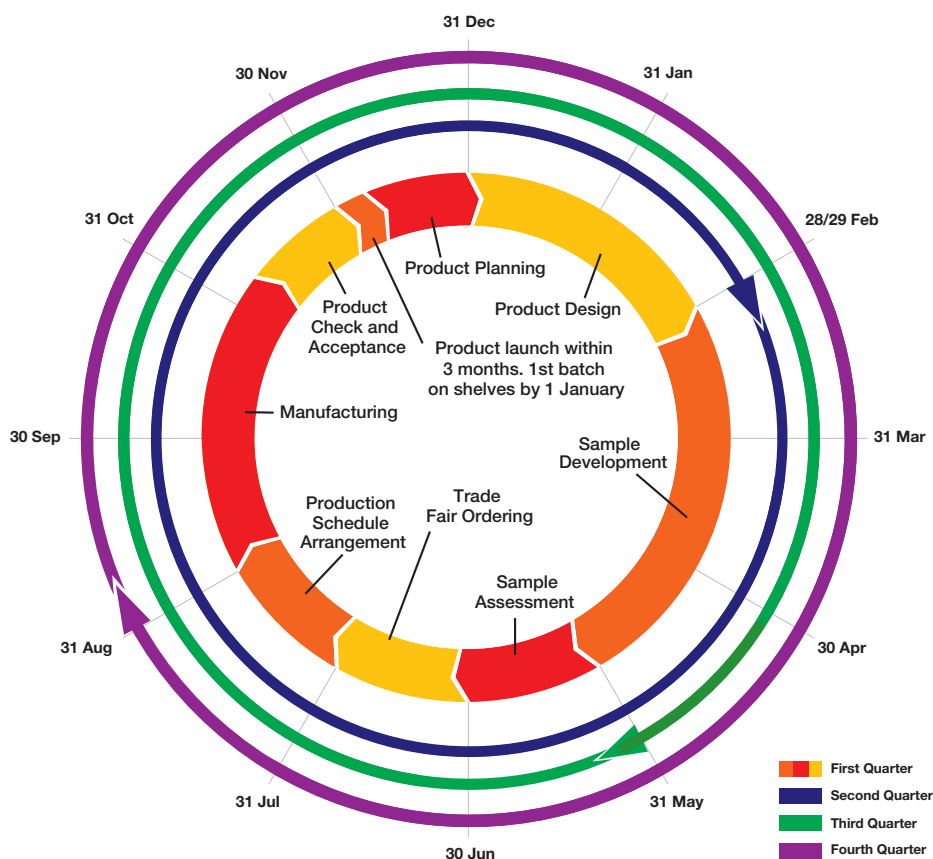
Product is the core element of our success. The Group continues to invest so as to foster product quality and differentiation and to sustain our leading position. ANTA Sports has continuously increased the resources on R&D, supply chain management and quality control processes. Meanwhile, the Group has strengthened the internal R&D team and collaboration with external professionals. Moreover, the Group has further optimised operational procedures in different stages to improve management efficiency.

Technological R&D

Being the 8-year top seller of travel and sports shoes in China, ANTA Sports is well known for its reliable performance-based sportswear products and that is how we differentiate from others. We give functionality and comfort our highest priority in product development. As early as 2005, the Group established the first domestic “sports science laboratory” in the industry with advanced R&D equipment. With continuous advancement in R&D, we were jointly accredited as the “National Enterprise Technology Centre” in 2009 by 5 national ministries and commissions, including the National Development and Reform Commission. ANTA Sports was the first sportswear company to have received the honour. It is further evidenced that our continuous contribution in R&D is well recognised by the country.

In order to maintain our leading position in the performance-based sportswear market, the Group emphasises three aspects in footwear technology. They

Cycle of Product Design, Production and Delivery



A-Jelly technology possesses excellent anti-compression and resilience ability and is applied in ANTA footwear

are 3 core innovations, cushioning, resilience and motion flexibility; 2 concerns, permeability and traction; as well as 4 basic requirements, durability, slip resistance, stability and comfort.

The Group applies different technologies (see the graph named “ANTA’s Footwear Technology”) in various product series to enhance customers’ satisfaction.

For apparel products, the Group combines the latest technology and materials in

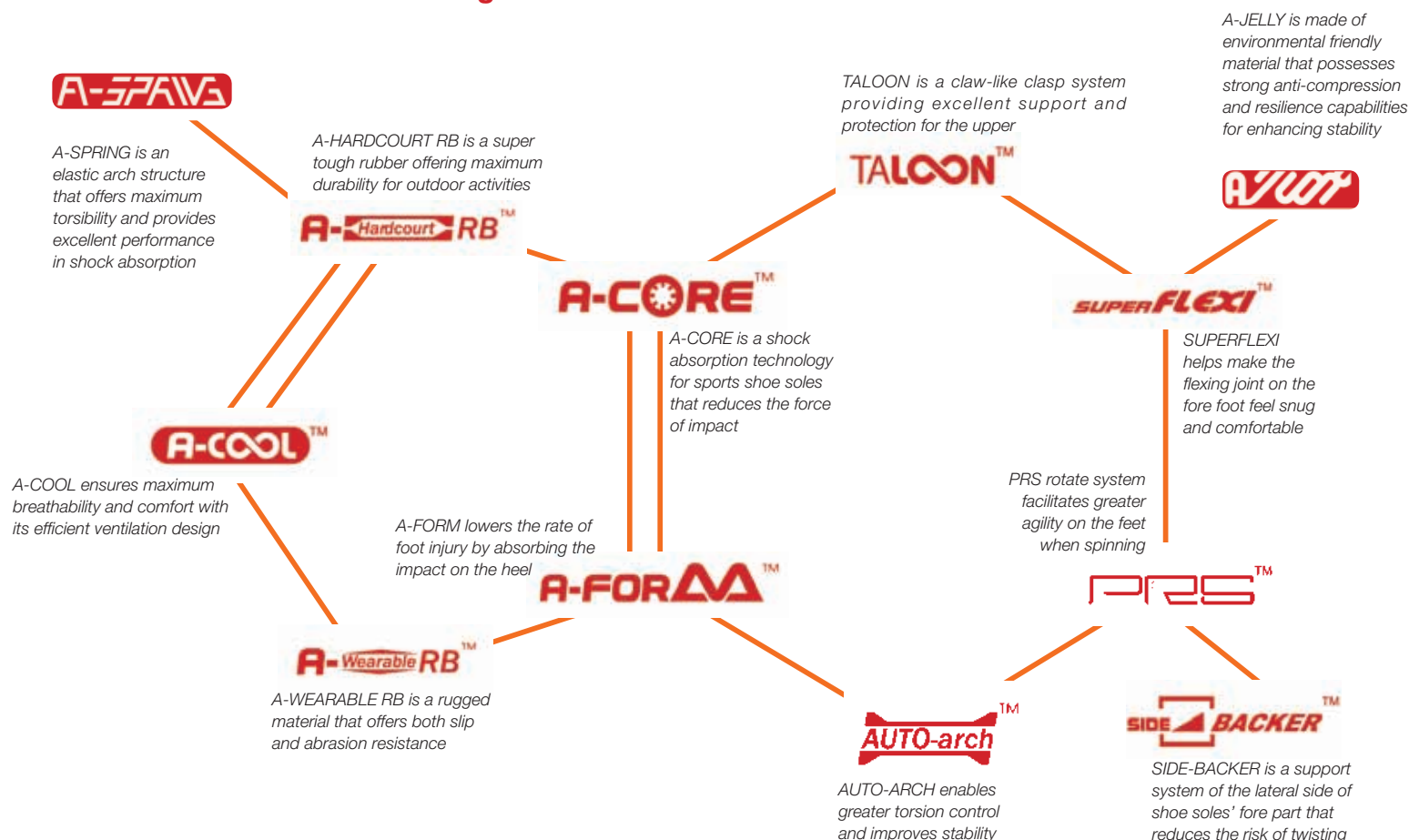
new products to adapt to seasonality and geographical variations. For instance, cool textile, permeable fabric, lightweight and elastic fabric, anti-UV coating, as well as water and stain proof technology have been used.

As the Sportswear Partner of the COC, the Group strives to provide Chinese athletes with the best sportswear products and services. We apply our latest technology A-Jelly on the footwear for the

CSD. Leveraging on DuPont’s advanced technology, the Group has used treated fabric to make the CSD’s sportswear more presentable, comfortable as well as water and stain proof.

The Group has jointly conducted ongoing research projects with international institutions including Liverpool John Moores University, Beijing Sport University and the China Leather and Footwear Industry Research Institute to enhance our R&D capabilities.

ANTA’s Footwear Technologies



Product Design

ANTA is dedicated to offering the best product mix with improved functionality, technological value, better design and trendy look to enhance the enjoyment of wearing our products. Our design team, consisting of local and international talents, creates a multi-cultural environment for dynamic inspiration and a good blend of different expertise. The Group also collaborates with international design institutions from Japan, United States and Taiwan to leverage on their expertise. During the year, the Group has introduced more than 2,300 new footwear styles, 3,400 new apparel styles and 2,000 new accessory styles to meet the demand of different consumers.

In 2009, the Group has received the “Footwear Design Competition 2009 – Professional Category, Gold Award in Sports Leisure Shoes” organised by the China Leather Association. It is a nationwide competition judged by a group of professionals, media and industry

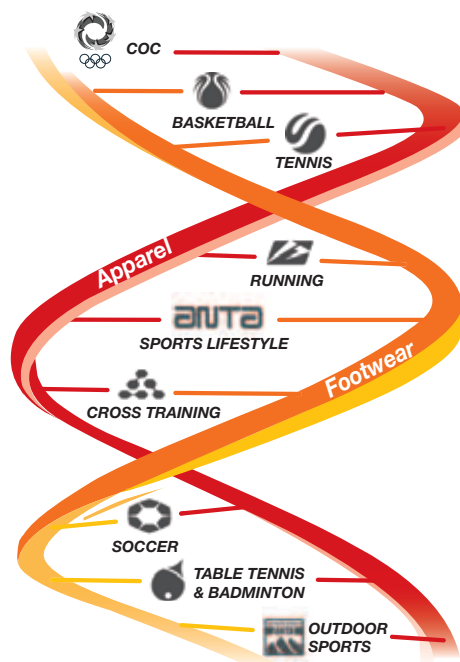
experts based on professionalism and creativity.

Quality Control

The Group sees quality control as a full spectrum process and the quality management team has involved in almost every step of the manufacturing process as early as the product planning stage. We have adopted ISO international testing standards and our testing laboratory is capable of carrying out more than 300 types of scientific testing. We implement simultaneous checks for raw material quality by ANTA Sports and OEM to identify possible problems at an early stage. Also, by carrying out on-site examination of manufacturing process and finished products at our own factories and suppliers’ production facilities, it helps ensure that the quality of finished products complies with national standards.

The Group’s efforts in maintaining rigorous quality control have gained international recognition over the years. During the

Product Portfolio



year, the Group has received the “CTC 2009 Certificate” – recognising the Group’s efforts in improving the quality control. The CTC is a global footwear and leather expert located in France with 100 years of experience in assisting footwear companies to improve quality.

Furthermore, our footwear and apparel have obtained “ISO 9001 Quality Control Certification”. Also, ANTA Sports footwear has been recognised as “State-designated Products Exempted from Quality Surveillance Inspection” by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC since 2003. Moreover, the Group actively participates in several national standard setting committees to raise the technical standards of the industry as well as to help align the quality of domestic sportswear products to international standards.



Supply Chain and Operational Management

We organise quarterly trade fairs in advance to ensure smooth order placement and product manufacturing. We see our suppliers as on-going business partners and provide strong support to assist major suppliers to improve their operational performance and effectiveness. Besides assisting our OEM on product quality and workflow improvement, the Group shares our corporate culture with suppliers to increase their sense of cohesion and responsibility. During the year, the

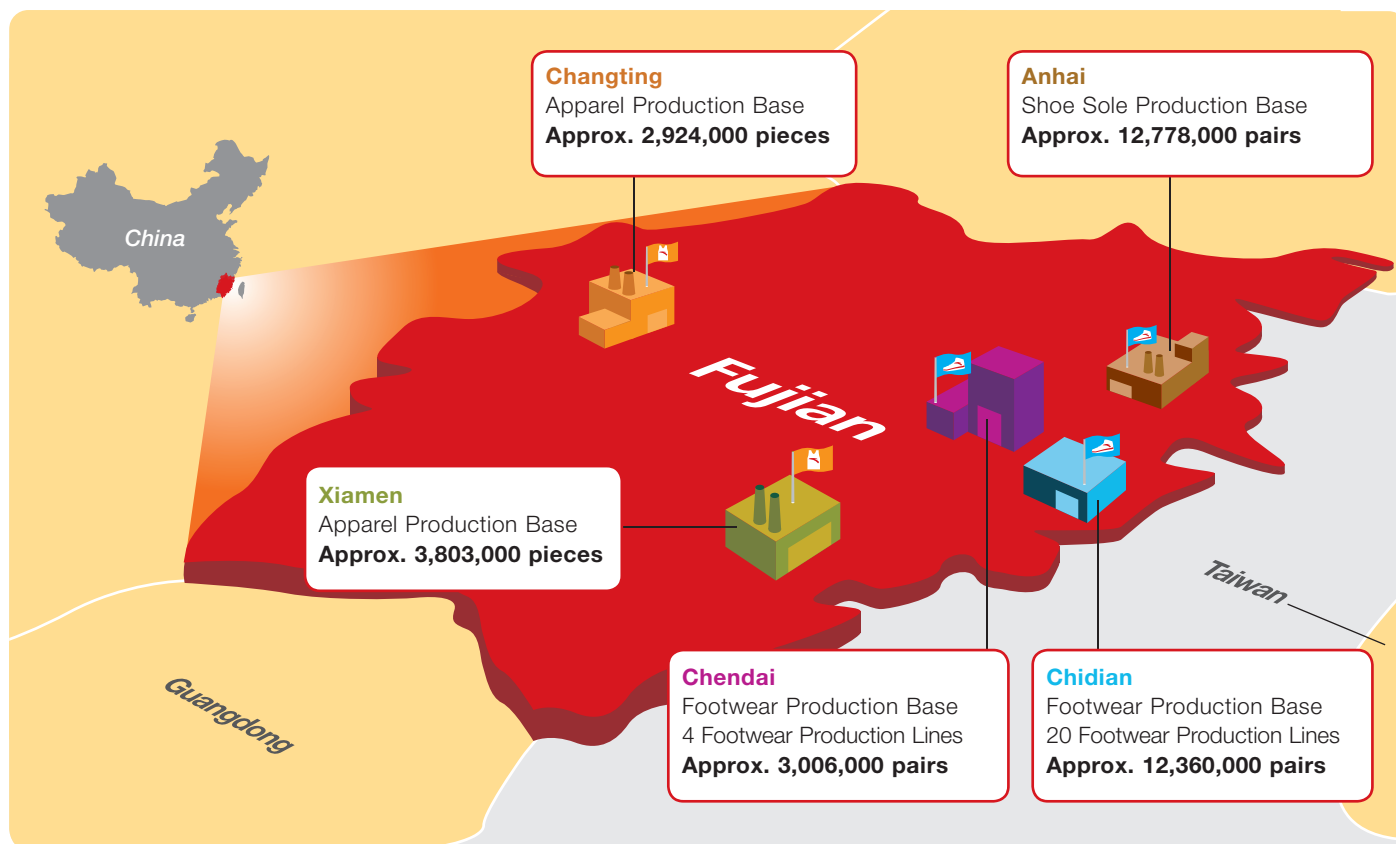
Group carefully explores cooperation opportunities with new, quality OEM and further leverages ODM design capabilities to reinforce the Group's competitive advantages. In addition to the optimisation of workflow guidance and stratified supplier management system, the Group also enhances our internal management and control systems to improve our cost efficiency and responsiveness to market changes.

Production Capabilities

During the year, the Group strategically optimised the in-house and outsourced

production mix to achieve better and timely response to the changing preferences of consumers and market conditions. As at the end of 2009, the Group operated 24 footwear production lines, 1 shoe sole production base and 2 apparel production bases in Fujian Province. During the year, approximately 15.4 million pairs of footwear and approximately 6.7 million pieces of apparel were produced in-house, representing approximately 41.9 % of footwear and 17.2% of apparel sold (2008: 50% and 11.7% respectively). The following graph sets out the details of the Group's production bases and quantity of products manufactured during the year.

Production Bases in Fujian Province



FINANCIAL REVIEW

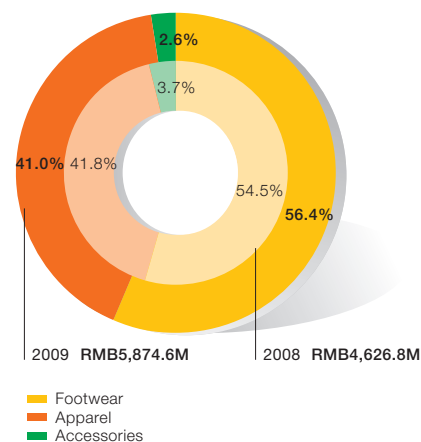
Turnover Breakdown by Product

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

	Year ended 31 December				
	2009	% of turnover	2008	% of turnover	Changes (in %)
	(RMB million)		(RMB million)		
Footwear	3,315.3	56.4	2,521.6	54.5	31.5
Apparel	2,409.9	41.0	1,932.2	41.8	24.7
Accessories	149.4	2.6	173.0	3.7	(13.6)
	5,874.6	100.0	4,626.8	100.0	27.0

During the financial year, turnover increased by 27.0% as compared with 2008 because of the increase in average selling prices on both wholesale and retail levels, additional product offerings and expansion of the distribution network.

The share of footwear sales increased slightly from 54.5% for 2008 to 56.4% for the financial year, while the share of apparel and accessories in sales decreased slightly from 45.5% for 2008 to 43.6% for the financial year. It reflected

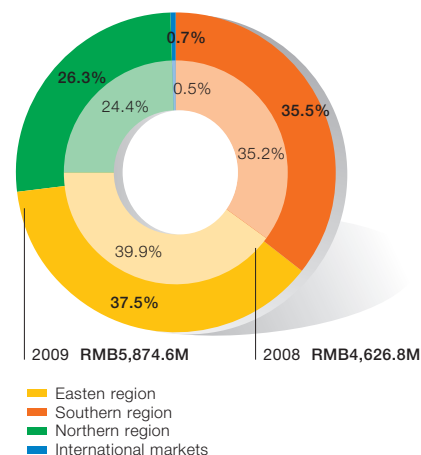


that footwear was relatively well received by the market. A wide range of product lines also reduced fluctuations in the product mix.

Turnover Breakdown by Region

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

	Year ended 31 December				
	2009	% of turnover	2008 Restated	% of turnover	Changes (in %)
	(RMB million)		(RMB million)		
Eastern region	2,203.7	37.5	1,847.1	39.9	19.3
Southern region	2,083.1	35.5	1,628.5	35.2	27.9
Northern region	1,544.9	26.3	1,129.3	24.4	36.8
China market	5,831.7	99.3	4,604.9	99.5	26.6
International markets	42.9	0.7	21.9	0.5	95.9
	5,874.6	100.0	4,626.8	100.0	27.0



Notes:

- (1) Eastern region includes Hunan, Hubei, Anhui, Jiangxi, Zhejiang, Jiangsu and Shanghai.
- (2) Southern region includes Guangdong, Guangxi, Fujian, Hainan, Guizhou, Yunnan, Sichuan, Chongqing and Tibet.
- (3) Northern region includes Beijing, Hebei, Inner Mongolia, Shanxi, Henan, Shandong, Gansu, Ningxia, Qinghai, Tianjin, Xinjiang, Shaanxi, Liaoning, Heilongjiang and Jilin.
- (4) International markets include Eastern Europe, Middle East and Southeast Asia.
- (5) The comparative figures of eastern and northern regions have been restated as the Group has strategically moved the Henan market from the eastern region to the northern region to balance the efforts on market development among the regions.

The increase in turnover in the northern region was notable, primarily due to the opening of new flagship stores in Xian

and Zhengzhou, the renovation of flagship store in Shenyang and the expansion of the distribution network in those markets

with high population density such as Shandong and Henan during the financial year.



Analysis of ASP/Average Costs and Total Units Sold

The following table sets out the total number of units and the ASP/average costs of footwear and apparel sold respectively for the financial year:

	Year ended 31 December						Changes		
	2009			2008			Total no. of units sold (in %)	ASP (in %)	Average costs (in %)
	Total no. of units sold (thousand)	ASP (RMB)	Average costs (RMB)	Total no. of units sold (thousand)	ASP (RMB)	Average costs (RMB)			
Footwear	34,643	95.7	53.2	26,812	94.0	55.2	↑29.2	↑1.8	↓3.6
Apparel	39,834	60.5	36.9	33,874	57.0	35.3	↑17.6	↑6.1	↑4.5

Notes:

- (1) We do not include details of the total units sold, the ASP and the average cost for the accessory products because we have a broad range of accessory products that vary significantly in terms of unit price. We believe that a unit-based analysis of this product category is not meaningful.
- (2) ASP represents the turnover for the financial year divided by the total units sold during the financial year. Average cost represents the cost of goods sold for the financial year divided by the total number of units sold during the financial year.

ASP↑

- Increase in consumers' disposable income, demand on sportswear products in China and strengthening of brand desirability have contributed significantly to the average increase in our suggested retail prices; and
- The enhancement of our brand image and the provision of more supports and services to the distributors have contributed to the increase in our ex-factory prices.

Volume↑

- Enhancement of brand and store image and the opening of flagship stores at prime locations are crucial factors for improving the quality of the distribution network and creating opportunity for further expansion of the distribution network to other potential markets. During the financial year, the number of ANTA stores and the total sales floor area have been increased; and
- The Group has developed a wide range of product lines to meet the demand of various markets in China.

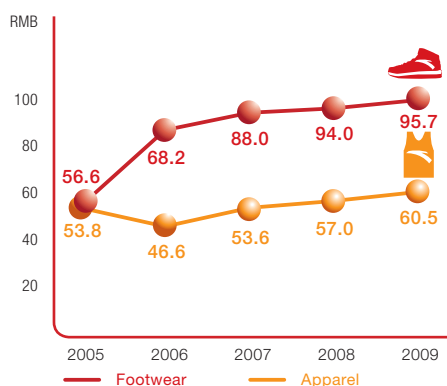
Average Cost (Footwear)↓

- Expansion of capacity in shoe sole factory;
- Purchase of raw materials in advance to reduce the impact of price fluctuations; and
- Purchase of raw materials together with OEM/ODM in order to strengthen the Group's bargaining power and enjoy the mass-purchase discount.

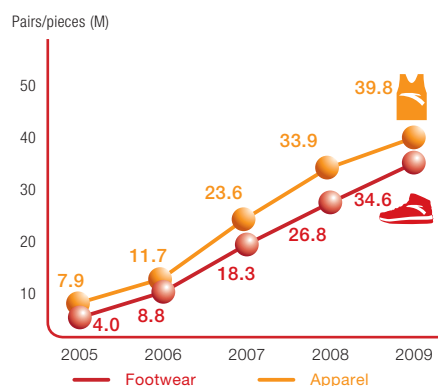
Average Cost (Apparel)↑

- This was mainly due to expansion of our design team and further upgrade of product offering.

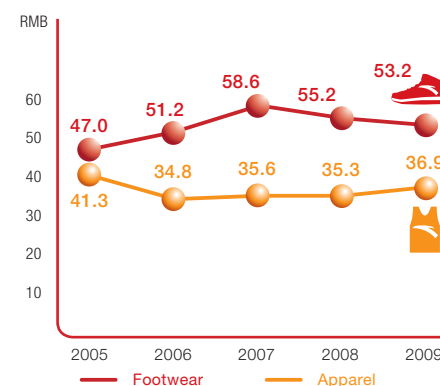
ASP



Volume



Average Cost



Cost of Sales Breakdown by Production and Procurement

The following table sets out the breakdown of the Group's cost of sales by production and procurement and the percentage of such costs to the total cost of sales for the financial year:

	Year ended 31 December 2009		2008		
	(RMB million)	% of cost of sales	(RMB million)	% of cost of sales	Changes (in %)
Self-production					
Raw materials	518.1	15.2	536.7	19.3	(3.5)
Direct labour	258.0	7.6	152.2	5.5	69.5
Overhead	207.3	6.1	152.5	5.5	35.9
	983.4	28.9	841.4	30.3	16.9
Subcontracting arrangement					
Raw materials	299.0	8.8	416.3	15.0	(28.2)
Subcontracting charges*	225.1	6.6	240.6	8.6	(6.4)
	524.1	15.4	656.9	23.6	(20.1)
Outsourced production					
OEM/ODM	1,894.2	55.7	1,279.9	46.1	48.0
Total	3,401.7	100.0	2,778.2	100.0	22.4

* The subcontracting charges stated in note 4(b) to the consolidated financial statements included raw material processing fee. Such fee is included in the cost of raw materials in this analysis.

The Group has adopted a subcontracting arrangement to meet the increasing demand of distributors rather than only relying on OEM/ODM because the Group is able to increase its lateral production capacity while maintaining control over several production processes.

In respect of self-production, change in direct labour costs during the financial year was higher than that of raw material costs due to the increase in staff welfare and allowances.

Gross Profit and Gross Profit Margin Breakdown by Product Mix

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

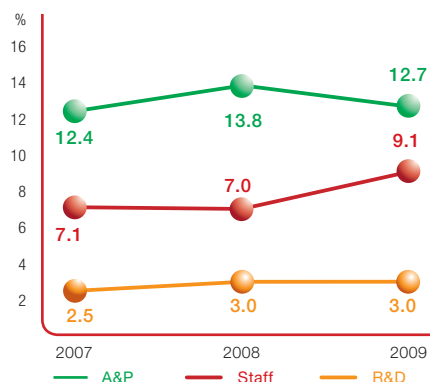
	Year ended 31 December				
	2009		2008		
	Gross profit (RMB million)	Gross profit margin (in %)	Gross profit (RMB million)	Gross profit margin (in %)	Changes in gross profit margin (in % points)
Footwear	1,470.9	44.4	1,042.3	41.3	3.1
Apparel	940.2	39.0	735.1	38.0	1.0
Accessories	61.8	41.4	71.2	41.2	0.2
Overall	2,472.9	42.1	1,848.6	40.0	2.1

As the increases in ASP for footwear and apparel were greater than the respective changes in average costs, the gross profit margins for both products increased during the financial year.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has decreased by 1.1% points for the financial year as relatively more sponsorship budget will be reserved for 2010. The ratio of staff costs to turnover has increased by 2.1% points for the financial year as our management team has further expanded to meet the growth of the business and more staff benefits have been provided. The ratio of R&D costs to cost of sales remained constant reflecting our continuous efforts on maintaining our R&D capabilities and quality control.

Operating Expenses Ratios



Other Revenue

Other revenue for the financial year mainly represented government grants of RMB23.8 million (2008: RMB14.2 million).

Net Finance Income

The decrease in net finance income was mainly due to the reduction in market interest rates as compared to 2008.

Operating Profit Margin

Operating profit margin increased by 3.6% points which is higher than the 2.1% points increase in the gross profit margin for the financial year, mainly due to the relatively decrease in advertising and promotional expenses from 13.8% of turnover in 2008 to 12.7%.

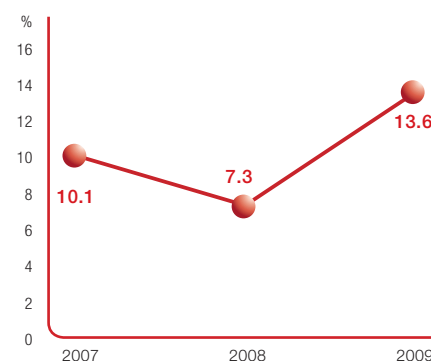
Effective Tax Rate

The effective tax rate increased from 7.3% in 2008 to 13.6% mainly because of the following:

- Certain subsidiaries in the PRC which were entitled to either tax exemption or a lower preferential tax rate in 2008 have been subject to a higher preferential tax rate since 1 January 2009;

- Non-taxable interest income derived from bank deposits in Hong Kong has decreased; and
- Distributions of the earnings accumulated since 1 January 2008 of a foreign-invested enterprise in the PRC to a Hong Kong incorporated foreign investor is subject to a dividend withholding tax of 5%. The Group has estimated the amount of future dividends are likely to be distributed by these foreign-invested subsidiaries. Accordingly, deferred tax liabilities were recognised in respect of the dividend withholding tax for the financial year.

Effective Tax Rate



Net Profit Margin

The net profit margin increased by 2.0% points which is lower than the 3.6% points increase in operating profit margin for the financial year, as a consequence of the decrease in finance income and the increase in the tax provision.

Dividends

The Board recommended a final dividend of HK12 cents per ordinary share and a special dividend of HK11 cents per ordinary share for the financial year, together with payment of an interim dividend of HK12 cents per ordinary share, representing a total payout of

RMB767.1 million (2008: RMB613.4 million), or a distribution of 61.3% (2008: 68.5%) of the current year's profit attributable to equity shareholders.

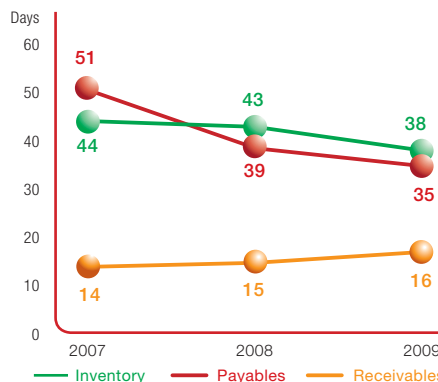
Assets/Liabilities Turnover Days

Despite the remarkable growth of turnover and scale of operation, the Group has successfully implemented measures to control the inventory level and credit risk. The average inventory turnover days has further improved, and the average trade receivables turnover days remained at a similar level when compared with 2008.

The average trade and bills payables turnover days decreased from 39 days

for 2008 to 35 days for 2009 because the Group accelerated the payment of trade payables so as to obtain preferential terms on mass purchases.

Assets/Liabilities Turnover Days



Liquidity and Financial Resources

As at 31 December 2009, the cash and cash equivalents of the Group amounted to RMB2,437.1 million (placement of fixed deposits held at banks with maturity over three months totalling RMB1,560.0 million was regarded as an investing activity), representing a decrease of RMB834.6 million as compared with the total cash balance of RMB3,271.7 million as at 31 December 2008. However, the total cash and bank balance (including pledged deposits) was RMB4,006.7 million as at 31 December 2009 (2008: RMB3,493.5 million), representing a 14.7% increase. This is attributable to:

- Cash inflows from operating activities amounted to RMB1,688.7 million, representing improved management of working capital and outstanding operating results.
- Cash outflows from investing activities amounted to RMB1,870.3 million, comprising mainly the net increase in placement of fixed

deposits held at banks with maturity over three months by RMB1,338.4 million, payment for the acquisition of subsidiaries amounting to RMB400.0 million, capital expenditure for property, plant and equipment totalling RMB44.8 million, and payments for construction of factory premises and an operational centre amounting to RMB67.8 million.

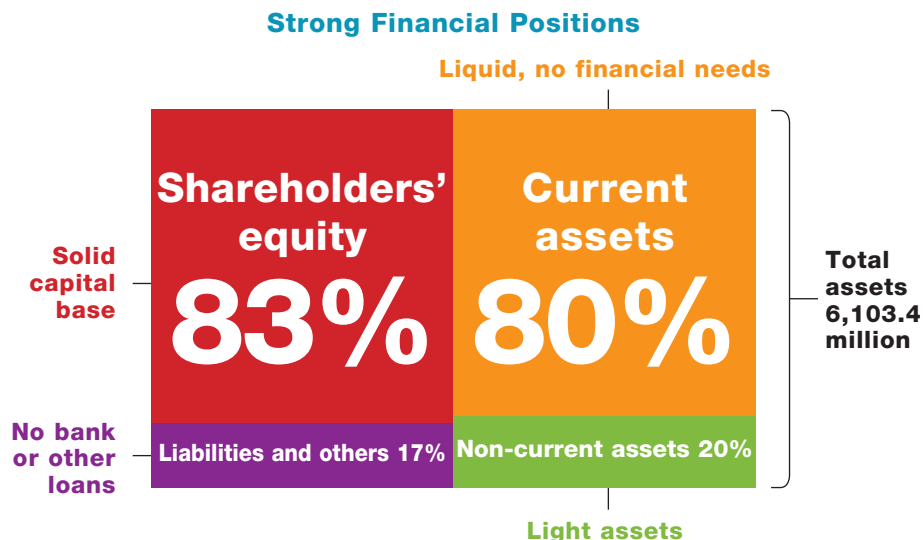
- Cash outflows from financing activities amounted to RMB651.3 million, representing the payment of the final and special dividends in respect of the financial year 2008, interim dividend of the financial year 2009 and the cash proceeds on exercise of share options amounting to RMB7.1 million.
- Impact on appreciation of RMB amounting to RMB1.8 million.

A table analysing the Group's free cash inflow for the financial year was disclosed below. Free cash flow represents operating cash flow minus capital expenditure.

	Year ended 31 December	
	2009	2008
	RMB million	RMB million
Operating cash inflow	1,688.7	1,015.8
Acquisition of subsidiaries	(400.0)	–
Disposal of subsidiaries	–	(14.7)
Capital expenditure	(133.4)	(177.4)
Others	1.5	3.4
Free cash inflow	1,156.8	827.1
Cash and bank balances (including pledged deposits)	4,006.7	3,493.5

As at 31 December 2009, total assets of the Group were RMB6,103.4 million of which current assets were RMB4,909.8 million. Total liabilities and minority interests were RMB1,023.5 million and total shareholders' equity amounted to RMB5,079.9 million. In addition, there were no outstanding bank loans, bonds or debentures.

Due to strong growth of profit attributable to equity shareholders, the return on average total shareholders' equity increased from 20.7% for 2008 to 26.2% for the financial year and the return on average total assets increased from 18.7% for 2008 to 22.6% for the financial year.



Pledge of Assets

As at 31 December 2009, the Group had bank deposits of RMB9.6 million pledged (2008: RMB0.2 million) to secure bankers' documentary credits for certain construction projects.

Capital Commitments and Contingencies

As at 31 December 2009, the Group had capital commitments of RMB262.5 million, primarily relating to the expansion of our footwear production facilities in Jinjiang, development of new information management systems and the establishment of an operational centre in Xiamen.

As at 31 December 2009, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current

material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Financial Management Policies

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

Accordingly, the Group does not employ any financial instruments for hedging purposes. Nevertheless, the management continues to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when needed.

Significant Investments and Acquisitions

During the financial year, except for the acquisition of Fila PRC Trademark and Fila business in the PRC of which details can be found on note 30 to the consolidated financial statements, the Group has made no significant investments or any material acquisition or disposal of subsidiaries. The Group continues to seek business opportunities such as acquisition of and cooperation with international sportswear brands to operate brand management business so as to increase the returns on shareholders' equity.

PROSPECTS

Recent economic data showed that China's economy has been gradually recovering from the financial crisis. In order to ensure the national economy is back on track for growth, it is expected that Chinese policymakers will continue to support domestic demand and consumption. The Group believes the outlook for the sportswear market is promising, particularly when the general public is more health conscious and urbanisation continues to boost income and economic growth. The accelerated consolidation in China's sportswear market creates the growth opportunities for the leading sportswear brands to capture the market shares. ANTA Sports strategically captures the demand of the fast-growing sportswear market segments by strengthening our competitive advantages. The Group also strives to maintain the balance between sustainable growth and the overall health of ANTA brand equity and the distribution network as a whole.

Sponsorship and Endorsement

In 2009, the Group has made a great leap in forming the best ever solid portfolio of sponsorship and endorsement resources. In order to achieve the goal of becoming the top national sportswear



brand in China, the Group will leverage on the existing resources in the coming year to foster our brand image to fuel the Group's growth and profitability in the long run. The strategic sponsorship of the COC has created an excellent platform for ANTA sportswear to appear with the CSD in influential international competitions. 2010 is a year full of eye-catching events with special attention on the Vancouver 2010 Winter Olympic Games and the Guangzhou 2010 Asian Games. To further enhance the Group's brand exposure in China and worldwide, the Group will launch a series of integrated marketing campaigns which include TVC, POP display and interactive programmes. The Group has kicked off a brand new marketing campaign starring our prominent winter sports athletes to promote the Winter Olympic Games in February. Meanwhile, the promotional

campaign for the Asian Games will continue. The results of "Outfit Design Competition for Chinese Athletes at the Guangzhou 2010 Asian Games" will be revealed in the first half of 2010. "CSD Sportswear Roadshow" will be rolled out to increase our brand association with the COC as well as to arouse public's interest and support for the CSD in the Olympic Games.

The Group will cultivate the sponsorship and endorsement resources to fully tap the potential of the basketball and tennis segments. ANTA Sports will sustain our strong position and integrate our existing resources to extend the reach to sports fans and targeted customers. For instance, we will further strengthen the products for local and international endorsed players to showcase the quality of our products during the competitions and enhance our credibility. The Group is also dedicated to increasing our visibility in top leagues and various interactive programs with customers to enhance brand loyalty. Furthermore, the Group will provide platforms to nurture basketball and tennis talents and to facilitate the popularity of these sports in China.

Riding on the wide recognition for our brand and quality products through various sponsorships of top-tier sports leagues and athlete endorsements, the Group will continue to effectively foster the work on existing resources and explore influential sponsorship and endorsement opportunities.



Market and Product Diversification

The Group sees enormous potential in the sportswear market and there are certain market segments that are yet to be fully explored. In view of that, the Group has made plans to reinforce our market and product diversification strategies. By leveraging our strong R&D capabilities, the Group will strengthen the functionality and quality of our products and enlarge the designated series for the endorsed players, as to further penetrate the core market segments of basketball, tennis and running. Meanwhile, we will enhance the trendy appeal of our Sports Lifestyle series to better fit the taste and preference of young consumers.

In respect of the Fila business in the PRC, the Group will screen distributors with presence in the high-end consumer market and formulate the store expansion plan immediately after completion of the brand rejuvenation project. A preliminary plan is to have our distributors operating about 200 FILA branded stores in major cities of the PRC by the end of 2010. An extensive marketing and advertising campaign will be launched to boost up the brand image to our target customers in the second half of 2010. Product series including performance collections (tennis, outdoor, cross-training) and lifestyle collections (golf, vintage and sports fashion) will be showcased during the coming trade fair and expected to be launched in the second half of 2010.

Expansion of Distribution Network

The Group continues to sustain its leading position in the second and third-tier markets, while optimising the management of the nationwide retail network in China. Particular focus will be placed on expanding our presence to cities with high growth potential as well as the enhancement of the store image and operational efficiency. The Group will continue to provide distributors and

retailers with regular trainings, guidelines and up-to-date market information to strengthen their product and market knowledge, inventory management, product display skills and customer service quality so as to boost their profitability and competitiveness. ANTA Sports also seeks more timely feedback from the retail network through various surveys, assessments and POS system.

Optimisation of Supply Chain and Operational Management

To improve our overall cost efficiency as well as responsiveness to market trends, the Group proactively helps our suppliers, OEM and ODM to upgrade their supply chain management systems. Timely feedback, training and technical supports on logistics and inventory management systems are provided to enhance our suppliers', OEM's and ODMs' operational efficiency and product quality. Moreover, we share our corporate culture with them to foster our working relationship.

The Group always strives to align our management quality to international standards. Further efforts will be made to the continuous upgrade of our internal management and control systems as well as the performance appraisal system to enhance our operational efficiency. The Group will also invest in the upgrade

of our information systems to further enhance the data coverage and our control over the nationwide retail network. By analyzing relevant network data on a timely basis, the Group and retailers are better equipped to respond to market trends and consumers' preference.

Enhanced R&D and Quality Control Capabilities

Comfort, protection and functionality of sportswear products are our keys of success in the business. To enhance our R&D capabilities, the Group continuously optimises the size and expertise of our product development teams as well as strengthens the collaboration with external, international and local, design and R&D institutions. Feedback from distributors and consumers are communicated to the product development teams on a timely basis. In addition, we further invest in state of the art quality control and testing devices to enhance the product quality. To further strengthen our product differentiation, we continue to upgrade our existing technology and develop new ones. We will also optimise the design and mix of products to respond quickly to consumers' fast-changing needs and market trends so as to deliver the best value for money to customers.



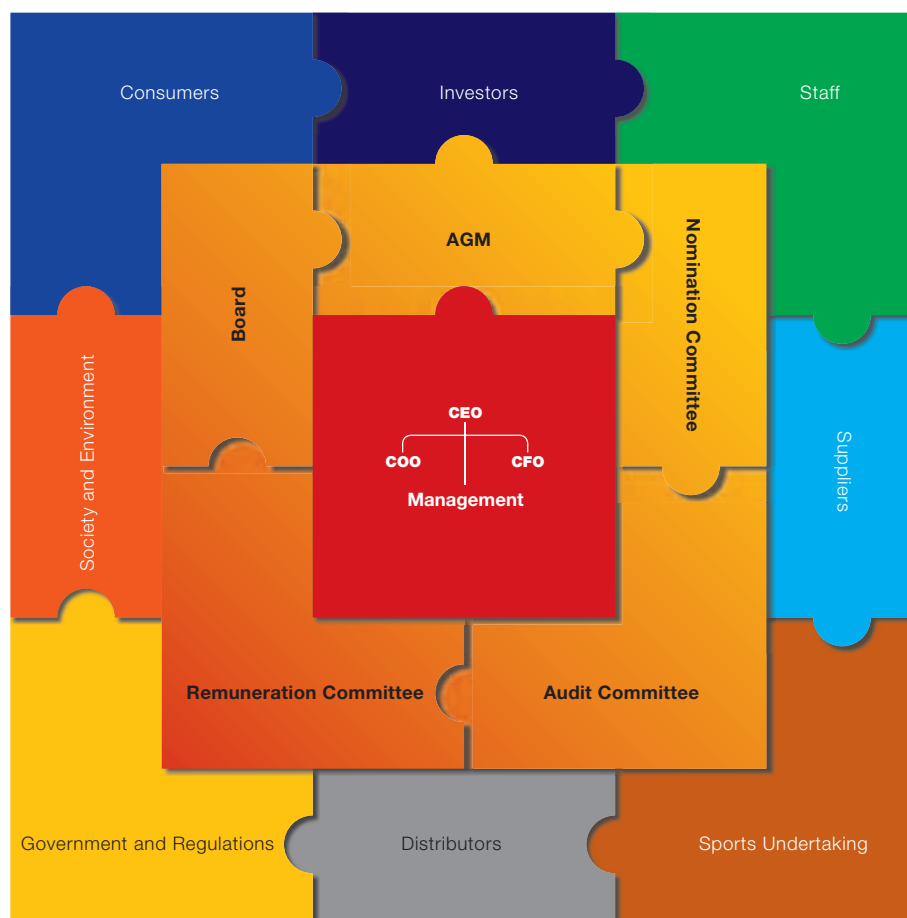
A dynamic background image featuring ice skaters on a blue rink. Two skaters in the upper right are in a crouched position, with one wearing a plaid jacket and the other in a grey jacket. A third skater's legs and white sneakers are visible in the lower right. Long, glowing orange and yellow trails of sparks or fire sweep across the ice from the skaters, creating a sense of high speed and energy.

CHAMPION'S GEAR FORGED BY ANTA

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



Corporate Social Responsibility



As a responsible corporate citizen, ANTA Sports is dedicated to promoting the harmonious development of the community and environment. The Group actively conducts corporate social activities in order to contribute to the sustainable growth of our community and help ensure a stable business environment. We are dedicated to sharing our success with not only our shareholders and business partners, but also our employees and the society at large.

ANTA and the Society and Environment

1. Addressing Community Needs

ANTA Sports is dedicated to supporting charitable ideals and regularly encourages our staff, endorsed players and the public to take part in charitable works. In April and October 2009, Zheng Jie met the Sichuan earthquake

survivors to offer her warm wishes and lend support. She also gave tennis lessons to the local children and a wheelchair tennis team. The Group gave away Kids sportswear series products, much to the delight of the local children. In October, Jelena Jankovic appeared in ANTA Kids series store to select tennis gear for and share her inspiring life experience with young Chinese tennis players.

The Group is also a keen supporter of our employees' voluntary community work. During the year, the volunteer team held various activities, including charity sales and environmental education programmes in collaboration with charities such as Jinjiang Red Cross and the Quanzhou Youth Volunteer Association. ANTA Sports is proud to be associated with such community development initiatives. The team also paid visits and brought warmth to Sichuan survivors and school children in impoverished villages.

2. *Boosting Youth Development*

Youth are the foundation of our society. Their education is one of the most important drivers in the development of our nation. The Group actively supports local youth education through a wide range of initiatives including donations in terms of cash, books and sportswear products to promote their well-being and health awareness. To improve their learning and physical activity environment, the Group makes donation to youth development and education foundations in China. School visits have been organised to encourage sports participation and to raise the awareness of youth development in the society. With the sports equipment donated by the Group, the children participated in



sports activities and had a great time with our staff.

3. *Protecting the Environment*

As a corporate citizen, ANTA Sports believes protecting the environment is our basic responsibility. The Group complies with relevant environmental regulations and rules, and has gained all necessary permissions and approvals from related regulators.

The Group is dedicated to developing and exploring the use of environmental friendly materials and manufacturing procedures. In 2009, ANTA Sports launched a new

technology, A-Jelly, which is made of a bio-degradable and shock absorption material and has been used in various sportswear products such as running and tennis shoes. In addition, the Group conserves resources through promoting green concepts among employees. Several eco-friendly measures have been adopted and the "Save Energy Programme" has been implemented in both factories and the workplace. For instance, production machinery is regularly inspected for energy conservation and workflows are enhanced to minimise material wastage. All these measures are well-received as they not only contribute to the conservation of our environment but also reduce costs and increase efficiency. ANTA Sports also encourages shareholders to join us in conservation by opting for shareholder communication materials in electronic form.

4. *Upholding legal compliance*

The Group is dedicated to the strictest compliance with applicable laws and regulations. ANTA Sports' corporate culture promotes good corporate governance practices and legal compliance. We have been driving for continuous improvements in the risk management, internal control and quality control systems and policies to ensure that proper



precautionary and monitoring measures are in place and in effect. In order to bolster the legal compliance awareness of our staff and business partners, the Group has provided relevant legal knowledge in various training programmes and corporate communications.

The Group's code of conduct outlines behavioural standards including stringent anticorruption, anti-bribery policies and handling conflict of interest situations which our staff are required to adhere to. Respective training has been provided to our staff.

ANTA and the Industry

1. *Facilitating Sportswear Industry Advancement*

The Group is fully committed to the ongoing development of China's sportswear industry. Through its memberships in bodies such as The Sporting Goods Standardisation Committee, The National Shoes Manufacturing Standardisation Committee and The National Apparel Standardisation Committee, the



Group has been a key driver in the establishment and continuous improvement of sportswear product quality standards in the country.

2. *Promoting Sports Undertaking Development*

ANTA Sports is dedicated to bolstering the development and popularisation of sports in China. Riding on the Group's partnership with the COC, we have jointly promoted the Olympic spirit and the "Sports For All" movement. In 2009,

the Group sponsored the "23rd Olympic Day Run" to enhance sports participation. Through sponsoring various sports leagues such as the CBA, CUBA, volleyball leagues, tennis programmes and international marathon, the Group brings the public closer to different types of sporting events. We also provide sponsorship and resources to nurture young Chinese athletes. These measures will arouse the interest of Chinese people, especially the young generation, towards sports and benefit the long term sports development in China.



ANTA and Staff

Our employees are the Group's most valuable asset. ANTA Sports is committed to providing them with an environment that helps develop their talents and potential to the fullest. Our core values and corporate culture help us attract and retain the best talent in the industry. Together, they lay the foundation for the quality of our products and services, and hold the key to the continued success of the Group. As at 31 December 2009, the Group had approximately 13,300 employees (2008: 10,400 employees).

1. *Cultivating a Corporate Culture of Excellence*

A set of well defined corporate culture and values is key to organisational excellence and the long term success of any business. During the year, the Group has initiated a "Corporate Culture Project" which aimed to facilitate better understanding among employees about our corporate mission, culture, values and strategies through a series of campaigns and trainings. The Group also has extended the training on corporate culture to suppliers, OEM and distributors. Furthermore, employees are encouraged to join the "Love • Sports Club" and sports day to live out our corporate mission of "Going beyond oneself" and to share the joy of sports participation. These initiatives can help employees and business partners achieve a better understanding of the Group's mission, visions and values, thus an enhancement in their loyalty and team spirit.

Effective organisational communication is critical to inspiring and motivating employees. The Group is dedicated to treating our staff with respect and we value their



feedback. Besides arranging popular outings to promote team spirit and sense of belongings among the staff, the Group also organises activities such as "Meet the Management" and "Care Programme for New Entrants" to facilitate interaction and understanding. In addition, we keep our workforce abreast with the Group's latest business development through a bi-weekly internal publication "ANTA Youth", which also serves as a communication platform between the staff and the Company. Furthermore, we are the proud recipient of the "Demonstration of Corporate Culture Establishment

in Fujian Province" award by the People's Government of Fujian Province.

2. *Enhancing Human Resource System*

ANTA Sports has cooperated with international human resources consultancy to formulate long term human resource ("HR") strategies to ensure strong staff loyalty and job satisfaction. The Group ensures a blend of the best practices of multinational companies and our corporate culture in setting the HR management system. Recent initiatives include further standardising daily operating procedures and workflows as well as the remuneration and appraisal systems. The Group conducts periodic employee satisfaction survey in order to assess the effectiveness of the HR management system and to identify the room for improvement.

To improve our staff capability and competitiveness, the Group offers extensive training programmes including both work-related subjects and soft skill trainings with external training providers. In addition to in-house and on-the-job trainings, the Group also encourages self-learning by providing the staff with library



facilities. To maintain a balanced work life for our staff, the Group often organises leisure and sports activities such as ANTA Basketball Association, "Love • Sports Club", dance club, choir, sports day, as well as soccer and table tennis competitions.

3. Protecting Labour Rights

The Group strictly complies with the labour laws, regulations and industry practices such as forbidding child labour and upholding gender equality. These principles are also communicated to our OEM/ODM. The Group has implemented strict safety guidelines and provides our staff with adequate protective gear as well as regular training to factory workers to avoid workplace injuries. We offer comprehensive welfare programmes including regular health checks and mental health seminars to ensure the physical and mental health of our staff. In addition to the continuous improvement in the office and factory environment, the Group also provides comprehensive staff facilities including tennis court, basketball court, leisure centre, gym facilities as well as canteens and staff quarters.



ANTA and Consumers

As a responsible sportswear company, ANTA Sports requires our own factories, OEM and ODM to strictly follow a set of stringent quality control standards. To ensure continuous improvement of the quality of products and services, the Group regularly conducts internal and external market surveys and develops various channels to interact with consumers to gain market insight and feedback. We encourage customers to provide feedback through a customer service hotline and email. Such feedback will be timely communicated to our R&D and sales team as well as retailers so that

we can direct our resources to effectively improve our product and service quality. These in turn ensure better consumer satisfaction. In order to better equip our customers with sports and product knowledge, a forum has been established on the Group's website, which provides a platform for the exchange of views on our products.

ANTA and Distributors and Franchisees

The success of our distributors and franchisees ensures the ongoing growth of our business. The Group provides various supports including information and resources sharing, provision of display equipment to support store image upgrades. To enhance operational effectiveness and profitability, the Group delivers quality products to the network on a timely basis. The Group also provides regular training to distributors and franchisees to equip them with ordering, logistic and inventory management knowledge. We have developed retail and display guidelines to ensure the standard and quality of ANTA stores. In addition, we maintain an effective communication channel with our distribution network through the Group's 6 branch offices to obtain feedback for future improvements.



ANTA and Suppliers

To ensure effective control over product quality, the Group actively provides advice on optimising suppliers' workflow and enhancing their management, operational as well as R&D capabilities. For instance, the Group provides raw material and OEM suppliers with quality control guidelines and technical support. The Group also procures raw materials together with suppliers so as to enjoy mass-purchase discounts. Besides, our corporate culture is shared with our suppliers with the aim of enhancing their sense of responsibility and cohesion. The above measures can further enhance the quality of management and operations as well as the profitability of our suppliers.

ANTA and Investors

The Group disseminates the latest information to investors and the public in strict compliance with the Listing Rules in an open, fair and transparent manner. To facilitate communication between senior management and the public, the Group regularly hosts shareholder meetings, investor/analyst briefings, press conferences and company visits. In addition, the Group organises roadshows and attends investor conferences to meet with global investors and shareholders in an effort to gather suggestions and comments. Investors can also obtain useful information and updates on the

Group's business development from our brand and investor relations websites.

The Group is committed to enhancing corporate transparency and the quality of disclosures. We have gained several international recognitions in 2009 (please refer to p.21 "Awards and Achievements" for the details).

Moreover, the Group has been added to the Morgan Stanley Capital International Global Standard Index, which is one of the most widely used international equity benchmarks by institutional investors. The Group is currently covered by 29 investment banks and securities firms, which serves to highlight our investment and development potential.

Interactions between the Group and the Investing Public





KEEP MOVING TO BRILLIANT CHINESE FLAMES

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

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2009.

Principal Place of Business

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

Principal Activities

The principal activities of the Group are the manufacturing, trading and distribution of sporting goods, including footwear, apparel and accessories, in the PRC. The principal activities and other particulars of the subsidiaries are set out on pages 128 and 129 of the annual report.

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

Major Customers and Suppliers

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

	2009		2008	
	Percentage of the Group's total		Percentage of the Group's total	
	Sales	Purchases	Sales	Purchases
The largest customer	6.6%		11.9%	
Five largest customers in aggregate	25.6%		33.7%	
The largest supplier		6.4%		6.1%
Five largest suppliers in aggregate		25.0%		26.7%

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

Five-year Financial Summary

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

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2009 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 87 to 129 of the annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB1,250,941,000 (2008: RMB894,791,000) have been transferred to reserves. Other movements in reserves are set out in note 25 to the consolidated financial statements.

An interim dividend of HK12 cents per ordinary share (2008: HK10 cents per ordinary share) was paid on 11 September 2009. The Directors now recommend the payment of a final dividend of HK12 cents per ordinary share (2008: HK10 cents per ordinary share) and a special dividend of HK11 cents per ordinary share (2008: HK8 cents per ordinary share) in respect of the year ended 31 December 2009.

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB5,070,000 (2008: RMB7,423,000).

Non-current Assets

Details of acquisitions and other movements of non-current assets (including fixed assets, construction in progress, lease prepayments and intangible assets) during the financial year are set out in notes 11 to 14 to the consolidated financial statements.

Bank Loans and Other Borrowings

There were no outstanding bank loans and other borrowings by the Company and the Group as at 31 December 2009.

Share Capital

Details of the movement of share capital of the Company during the financial year are set out in note 24 to the consolidated financial statements.

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

Pre-emptive Rights

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

Directors

The Directors during the financial year were:

Executive Directors

Mr. Ding Shizhong (*Chairman*)
Mr. Ding Shijia
Mr. Lai Shixian
Mr. Wang Wenmo
Mr. Wu Yonghua
Mr. Zheng Jie (appointed on 1 October 2009)

Independent Non-Executive Directors

Mr. Yeung Chi Tat
Mr. Lu Hong Te
Mr. Dai Zhongchuan (appointed on 30 April 2009)
Mr. Wong Ying Kuen, Paul (resigned on 30 April 2009)

Details of the Directors' biographies have been set out on pages 84 and 85 of the annual report.

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

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

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than statutory compensation.



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

As at 31 December 2009, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interest in Shares and Underlying Shares of the Company and Its Associated Corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Interest in ordinary shares	Interest in underlying shares ⁽²⁾	Approximate percentage of interest in such corporation
Mr. Ding Shizhong	Company	Founder of a discretionary trust/Beneficial owner	1,438,346,000 ⁽³⁾	–	57.72%
	Anta International	Founder of a discretionary trust	4,144 ⁽³⁾	–	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust/Beneficial owner	1,432,900,000 ⁽⁴⁾	–	57.50%
	Anta International	Founder of a discretionary trust	4,084 ⁽⁴⁾	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	167,700,000 ⁽⁵⁾	–	6.73%
	Company	Beneficial owner	–	5,250,000	0.21%

Notes:

- (1) As at 31 December 2009, the outstanding ordinary shares of the Company and of Anta International stood at 2,492,088,000 and 10,000 respectively.
- (2) The interests in underlying shares represent the interests in share options granted pursuant to the Pre-IPO share option scheme, details of which are set out in note 22(a) to the consolidated financial statements.
- (3) 1,431,900,000 Shares were held through Anta International, an associated corporation, which held 57.46% of the issued share capital of the Company as at 31 December 2009. Shine Well (Far East) Limited is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Shine Well (Far East) Limited is held by Top Bright Assets Limited. The entire issued share capital of Top Bright Assets Limited is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are family members of Mr. Ding Shizhong. Mr. Ding Shizhong as founder of the DSZ Family Trust is deemed to be interested in the Shares held by Anta International. 6,446,000 Shares were held by Mr. Ding Shizhong in the capacity of beneficial owner.
- (4) 1,431,900,000 Shares were held through Anta International, which held 57.46% of the issued share capital of the Company as at 31 December 2009. Talent Trend Investment Limited is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Talent Trend Investment Limited is held by Allwealth Assets Limited. The entire issued share capital of Allwealth Assets Limited is in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are family members of Mr. Ding Shijia. Mr. Ding Shijia as founder of the DSJ Family Trust is deemed to be interested in the Shares held by Anta International. 1,000,000 Shares were held by Mr. Ding Shijia in the capacity of beneficial owner.
- (5) The interests of Mr. Lai Shixian in the Company are held through Anda Holdings, which holds 6.73% of the issued share capital of the Company. Spring Star Assets Limited holds the entire issued share capital of Anda Holdings, which is in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust is an irrevocable discretionary trust set up by Mr. Lai Shixian's spouse, Ms. Ding Yali, as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust are issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust is deemed to be interested in the Shares held by Anda Holdings and Mr. Lai Shixian is also deemed under the SFO to be interested in the interests of his spouse, Ms. Ding Yali.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2009, 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 2009, the persons or corporations (not being a Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of Shares (See below)	Approximate Percentage of interest in the Company
HSBC Trustee	Trustee (other than a bare trustee) ⁽¹⁾	1,720,297,000(L)	69.03%
Anta International	Beneficial owner	1,431,900,000(L)	57.46%
Allwealth Assets Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.46%
Shine Well (Far East) Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.46%
Talent Trend Investment Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.46%
Top Bright Assets Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.46%
Anda Holdings	Beneficial owner	167,700,000(L)	6.73%
Ms. Ding Yali	Founder of a discretionary trust ⁽²⁾	167,700,000(L)	6.73%
	Interest of spouse ⁽³⁾	5,250,000(L)	0.21%
Spring Star Assets Limited	Corporation ⁽²⁾	167,700,000(L)	6.73%

(L) – Long Position, (S) – Short Position

Notes:

- (1) The interests of HSBC Trustee in the Company are held through Anta International, Anda Holdings and Anda Investments, holding approximately 57.46%, 6.73% and 4.83% of the issued share capital of the Company, respectively. In addition, HSBC Trustee also held 297,000 Shares of the Company as trustee for persons unrelated to the substantial shareholders.

HSBC Trustee was the trustee of the DSZ Family Trust and the DSJ Family Trusts and it held the entire issued share capital of Top Bright Assets Limited and Allwealth Assets Limited, which in turn held the entire issued share capital of Shine Well (Far East) Limited and Talent Trend Investment Limited, respectively. Each of Shine Well (Far East) Limited and Talent Trend Investment Limited was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anta International and therefore each of them was deemed to be interested in all the 1,431,900,000 Shares held by Anta International. Accordingly, HSBC Trustee, Top Bright Assets Limited, Allwealth Assets Limited, Shine Well (Far East) Limited and Talent Trend Investment Limited were indirectly interested in the 1,431,900,000 Shares held by Anta International.

HSBC Trustee was the trustee of the DYL Family Trust and it held the entire issued share capital of Spring Star Assets Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings and therefore was deemed to be interested in all the 167,700,000 Shares held by Anda Holdings. Accordingly, HSBC Trustee and Spring Star Assets Limited were indirectly interested in the 167,700,000 Shares held by Anda Holdings.

HSBC Trustee was the trustee of the DHM Family Trust and it held the entire issued share capital of Sackful Gold Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Investments and therefore was deemed to be interested in all the 120,400,000 Shares held by Anda Investments. Accordingly, HSBC Trustee and Sackful Gold Limited were indirectly interested in the 120,400,000 Shares held by Anda Investments.



- (2) *Spring Star Assets Limited was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings and therefore was deemed to be interested in all the 167,700,000 Shares held by Anda Holdings.*

The entire issued share capital of Spring Star Assets Limited was held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust was an irrevocable discretionary trust set up by Ms. Ding Yali as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust were issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust was deemed to be interested in the 167,700,000 Shares held by Spring Star Assets Limited.

- (3) *Ms. Ding Yali was deemed under the SFO to be interested in the 5,250,000 Shares which may be issued to her spouse, Mr. Lai Shixian, an Executive Director of the Company, upon exercise of options granted to Mr. Lai Shixian under the Pre-IPO share option scheme, details of which are set out in note 22(a) of the consolidated financial statements.*

Save as disclosed above, as at 31 December 2009, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 29 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) ("connected persons") and the Company have been entered into and are ongoing for which relevant disclosure had been made by the Company in the prospectus of the Company issued on 26 June 2007 (the "Prospectus"), and the announcement of the Company issued on 30 September 2009.

1. Lease Agreements with Fujian Anda Light Industrial Development Co., Ltd. ("Fujian Light Industrial") and Jinjiang Shifa Light Industry Co., Ltd. ("Jinjiang Shifa")

(i) Lease Agreement with Fujian Light Industrial

On 2 February 2007, the Group entered into a lease agreement with Fujian Light Industrial, whereby Fujian Light Industrial agreed to lease to the Group for an annual rent of RMB843,000 premises with an area of approximately 11,715 square meters situated at Wuli Industrial Zone, Anhai Town, Jinjiang, Fujian for a term of 3 years commencing from 2 February 2007 to 1 February 2010 renewable at the option of the Group. The lease agreement was superseded by a lease agreement dated 1 December 2007, whereby the contracted parties changed from ANTA China and Fujian Light Industrial to ANTA Quanzhou and Fujian Light Industrial, with the same terms and conditions. Fujian Light Industrial is an associate (as defined in the Listing Rules) ("associate") of Mr. Ding Shizhong and Mr. Lai Shixian (each of them the Executive Director of the Company) by virtue of Rule 14A.11 of the Listing Rules and is therefore a connected person of the Company.

(ii) Lease Agreement with Jinjiang Shifa

On 3 May 2007, the Group entered into a lease agreement with Jinjiang Shifa, whereby Jinjiang Shifa agreed to lease to the Group for an annual rent of RMB702,000 premises with an area of approximately 11,695 square meters situated in Andou Industrial Zone, Chendai, Jinjiang, Fujian for a term of 3 years commencing from 3 May 2007 to 2 May 2010. The lease agreement was superseded by a lease agreement dated 1 January 2008, whereby the contracted parties changed from ANTA China and Jinjiang Shifa to ANTA Quanzhou and Jinjiang Shifa, with the same terms and conditions. Jinjiang Shifa is an associate of Mr. Ding Shizhong and Mr. Ding Shijia (each of them the Executive Director of the Company) by virtue of Rule 14A.11 of the Listing Rules and is therefore a connected person of the Company.

During the financial year, the Group's total rental expenses in respect of the above transactions amounted to RMB1,545,000.

2. Packaging Material Supply Agreement with Quanzhou Anda Packaging Co., Ltd. (“Quanzhou Anda”)

On 15 June 2007, Quanzhou Anda and ANTA China entered into a packaging material supply agreement, whereby Quanzhou Anda agreed to supply cardboard cases to the Group from time to time on normal commercial terms which are no less favourable than those available from independent third parties. The packaging material supply agreement is for a term from 1 July 2007 to 31 December 2009 renewable for a further 3 years at the option of ANTA China subject to compliance with applicable requirements of the Listing Rules. Quanzhou Anda is an associate of Mr. Ding Shizhong (the Executive Director of the Company) by virtue of Rule 14A.11 of the Listing Rules and is therefore a connected person of the Company.

During the financial year, the Group's purchase of cardboard cases from Quanzhou Anda amounted to RMB7,378,000.

3. Sportswear Sales Agreement of Anta Products with Guangzhou Anda Trading Development Co., Ltd. (“Guangzhou Anda”) and Quanzhou Binhui Trading Co., Ltd. (“Quanzhou Binhui”)

On 15 June 2007, ANTA China entered into an agreement with each of Guangzhou Anda and Quanzhou Binhui, whereby the Group agreed to sell ANTA products to Guangzhou Anda and Quanzhou Binhui from time to time on normal commercial terms which are no more favourable than those available to the independent distributors. The agreements are both for a term from 1 July 2007 to 31 December 2009 renewable for a further 3 years at the option of ANTA China subject to compliance with applicable requirements of the Listing Rules. Both Guangzhou Anda and Quanzhou Binhui are deemed by the Hong Kong Stock Exchange to be a connected person of the Company by virtue of Rule 14A.11(4)(c) of the Listing Rules.

During the financial year, the Group's sales of ANTA products to Guangzhou Anda and Quanzhou Binhui amounted to RMB321,313,000 and RMB51,827,000 respectively.

In respect of the above continuing connected transactions, the Hong Kong Stock Exchange has granted a waiver to the Company from strict compliance with the announcement and/or independent shareholders' approval requirements subject to certain conditions. Please refer to the Prospectus for such conditions.

4. Fila Korea Limited (“Fila Korea”) and Fila Sport Limited (“Fila Sport”)

Following the completion of the acquisition of Full Prospect and Fila Marketing on 30 September 2009, the existing master sales agreement (i.e. for a term between 1 December 2007 and 30 November 2010) between Fila Marketing and Speed Benefit Limited, both subsidiaries of the Company, with Fila Korea and Fila Sport has become a continuing connected transaction, pursuant to which Fila Korea and Fila Sport have agreed to supply footwear products, sports/lifestyle apparels, bags and accessories and other ancillary products manufactured by or offered by Fila Korea, and its affiliates to the Group on a continuing basis. The payment terms of the individual transactions will be determined by the relevant contracting parties at the time of entering into the transactions with reference to factors such as the relevant transaction amount, nature and specification requirement for the particular transaction.

Full Prospect is a non-wholly owned subsidiary of the Company in which the Company is interested in 85% of its issued share capital on a fully converted basis. Fila Luxembourg S.a.r.l (“Fila Luxembourg”), a shareholder of Full Prospect, is interested in 15 class B convertible shares, representing 15% of the issued share capital of Full Prospect on a fully converted basis. Fila Korea is the ultimate holding company of Fila Luxembourg and Fila Sport. Therefore, Fila Korea, being a substantial shareholder of Full Prospect, and Fila Sport, being an associate of the substantial shareholder of Full Prospect, are connected persons of the Company within the meaning of the Listing Rules.

For the 3 months period ended 31 December 2009, Fila Products in an aggregate amount of approximately RMB1,578,000 were purchased from Fila Korea and Fila Sport.

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

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the relevant agreements entered into on terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The directors have requested the auditors of the Company to perform certain agreed upon procedures on the continuing connected transactions and have received a letter from the auditors as required under Rule 14A.38 of the Listing Rules.

Directors' Interests in Contracts

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

Competing Business

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

Each of the Controlling Shareholders (as defined in the Prospectus) 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 Independent Non-Executive Directors have reviewed the status of compliance and also confirmed that all the undertakings under the Non-competition Deed have been complied with by the Controlling Shareholders.

Retirement Schemes

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 21 to the consolidated financial statements.

Equity-settled Share-based Payments

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme (the "Pre-IPO Option") whereby a Director and 37 employees of the Company were given the rights to subscribe for shares of the Company. The subscription price per share pursuant to the Pre-IPO Option is at 20% discount to the global offering price.

Under the Pre-IPO Option, 16,000,000 options were fully granted on 12 June 2007, and 390,000 options have been lapsed during the financial year (2008: 1,085,000). As at 31 December 2009, the total number of shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO Option is 12,437,000.

Each option granted under the Pre-IPO Option has a vesting period of 3 years commencing from the listing date and the options are exercisable for a period of 10 years. Under the terms of the Pre-IPO Options, at the date of this annual report, 60% of the total number of options granted to each grantee (if not lapsed) or 6,897,000 options are vested and can be exercised. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

No further options were granted under the Pre-IPO Option on or after the date of listing of the Company on the Hong Kong Stock Exchange.

(b) Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the shareholders' written resolution passed on 11 June 2007.

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

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

No share option has been granted under the Share Option Scheme during the financial year.

Corporate Governance

In respect of the year ended 31 December 2009, save as disclosed in the Corporate Governance Report on pages 79 to 83 of the annual report, all the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules were met by the Company.

Confirmation of Independence

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

Sufficiency of Public Float

Based on the information that is publicly available and within the knowledge of the Directors at the latest practicable date prior to this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2009 and at any time up to the latest practicable date.

Auditors

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

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 24 February 2010

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 will strive 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.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Code. In respect of the year ended 31 December 2009, save as disclosed below, all the code provisions set out in the Code were met by the Company.

(A) The Board of Directors

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

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. Currently, the Board comprises 9 Directors, including 6 Executive Directors and 3 Independent Non-Executive Directors. Their names, biographical details and relationships (some of the Directors are related to each other) are set out in the section entitled “Directors and Senior Management” in the annual report.

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

Compliance with the Model Code for Directors’ Securities Transactions

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

Chairman and Chief Executive Officer

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

Appointments, Re-election and Removal of Directors

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



Independent Non-Executive Directors

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

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

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

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills.

Directors' and Officers' Insurance

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

Board Committees

The Board has established Audit Committee, Remuneration Committee and Nomination Committee (collectively "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available upon request. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the consolidated financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues (and in the absence of management if appropriate). Their written terms of reference are in line with the Code provisions. Members of the Audit Committee comprise Mr. Yeung Chi Tat (Chairman), Mr. Lu Hong Te and Mr. Dai Zhongchuan, all of whom are Independent Non-Executive Directors.

The Audit Committee met 3 times during the financial year. During the meetings, the Audit Committee has considered the annual results of the Group for the year ended 31 December 2008 and the interim results of the Group for the 6 months ended 30 June 2009 as well as the reports prepared by the external auditors relating to accounting and internal control issues and major findings in the course of audit/review. Also, it has reviewed the 2009 annual audit plan. All members of the Audit Committee attended the meetings.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable. Their written terms of reference are in line with the Code provisions. Members of the Remuneration Committee comprise Mr. Ding Shizhong (Chairman), Mr. Lu Hong Te and Mr. Dai Zhongchuan.

The Remuneration Committee met once during the financial year. During the meeting, the Remuneration Committee reviewed and approved the new remuneration scheme for all staff for the financial year on behalf of the Board. All members of the Remuneration Committee attended the meeting.

Nomination Committee

The Nomination Committee is primarily responsible to consider and recommend to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. Members of the Nomination Committee comprise Mr. Lu Hong Te (Chairman), Mr. Yeung Chi Tat and Mr. Lai Shixian.

2 meetings were held by the Nomination Committee to discuss 2 changes of members in the Board during the financial year.

Meetings

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

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
No. of meetings held for the year ended 31 December 2009	7	3	1	2
<i>Executive Directors</i>				
Mr. Ding Shizhong	6*	N/A	1	N/A
Mr. Ding Shijia	7	N/A	N/A	N/A
Mr. Lai Shixian	6*	N/A	N/A	2
Mr. Wang Wenmo	7	N/A	N/A	N/A
Mr. Wu Yonghua	6*	N/A	N/A	N/A
Mr. Zheng Jie (appointed on 1 October 2009)	2	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>				
Mr. Yeung Chi Tat	7	3	N/A	2
Mr. Wong Ying Kuen, Paul (resigned on 30 April 2009)	1	1	1	N/A
Mr. Lu Hong Te	7	3	1	2
Mr. Dai Zhongchuan (appointed on 30 April 2009)	6	2	–	–

* Those Executive Directors have not attended a Board meeting to approve renewal of waivers on continuing connected transactions to avoid conflict of interests.

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

Conflict of Interest

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

(B) Financial Reporting and Internal Control

Financial Reporting

The Board, supported by the Chief Financial Officer and the finance department, is responsible for the preparation of the financial statements of the Group and the Company. In the preparation of financial statements, the International Financial Reporting Standards and the Hong Kong Companies Ordinance have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

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

External Auditors' Remuneration

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

During the financial year, the fee payable to KPMG in respect of its statutory audit services provided to the Company was HK\$2,900,000 (2008: HK\$2,080,000). Fees for non-audit services for the same period comprise service charges for the following:

	2009	2008
Review of interim results	HK\$800,000	HK\$800,000
Tax review	RMB180,000	RMB100,000

Also, the Group appointed SHINEWING Risk Services Limited as the independent adviser to carry out an internal control review for the financial year. During the financial year, the related non-audit service fee amounted to HK\$700,000 (2008: HK\$700,000).

Internal Control

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

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

(C) Communications with Shareholders and Investor Relations

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

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

Details of these communications are stated in the section entitled "ANTA and Investors" on page 69 in the annual report.

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 24 February 2010

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 39, is the Chief Executive Officer, the President, the Executive Director and the Board Chairman of the Company. He is primarily responsible for the overall corporate strategies, brand management, planning and business development of our Group. He joined our Group in July 1994 and has dedicated to expand and promote our Group's business and to develop China's sporting goods industry.

He personally obtained the following recognition:

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

He is holding the following public offices:

Year	Public Offices
2003	The 10th Fujian Province People's Congress deputy
2008	The 11th National People's Congress deputy
2009	The 8th Organising Committee member of All-China Sports Federation

Mr. Ding is the younger brother of Mr. Ding Shijia, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 57.46% of the issued share capital of the Company. Mr. Ding is a director of Fujian Straits West-Coast Investment Co., Ltd, a subsidiary of China SCE Property Holdings Limited (Stock code: 1966), which is listed on the Hong Kong Stock Exchange.

Mr. Ding Shijia (丁世家), aged 45, is the Executive Director and the Vice President of the Company. He is primarily responsible for the management of our Group's footwear operations. He joined our Group in July 1994 and has over 10 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Mr. Ding is the elder brother of Mr. Ding Shizhong, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 57.46% of the issued share capital of the Company.

Mr. Lai Shixian (賴世賢), aged 35, is the Chief Operating Officer, the Executive Director and the Vice President of the Company. He is primarily responsible for the overall administrative management of the Group. He joined the Group in March 2003 and has over 10 years of experience in administrative management. Mr. Lai holds an EMBA degree from China Europe International Business School. Mr. Lai is the brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors. He is also a director of Anta International, which holds 57.46% of the issued share capital of the Company.

Mr. Wang Wenmo (王文默), aged 53, is the Executive Director and the Vice President of the Company. He is primarily responsible for the management of the Group's apparel operations. He joined the Group in June 2000 and has over 20 years of experience in the apparel industry. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Group's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 38, is the Executive Director and the Vice President of the Company. He is primarily responsible for the Group's sales and marketing management. He joined the Group in October 2003 and has over 10 years of experience in sales and marketing in China.

Mr. Zheng Jie (鄭捷), aged 41, is the Executive Directors and the Executive Vice President of the Company. He is primarily responsible for brand and product management. He joined the Group in October 2008 and has over 10 years of experience in the field of marketing management, including nearly 8 years in the China division of an international sportswear brand as the head of sales and the general manager. Mr. Zheng holds a bachelor's degree in management science from Shanghai Fudau University. Mr. Zheng was an independent non-executive director of Takson Holdings Limited (Stock code: 918), which is listed on the Hong Kong Stock Exchange, from 30 September 2004 to 7 May 2007.

Independent Non-executive Directors

Mr. Yeung Chi Tat (楊志達), aged 40, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in business administration from the University of Hong Kong and a master's degree in professional accounting from Hong Kong Polytechnic University. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also the president of the International Financial Management Association Hong Kong headquarters. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, corporate restructure and corporate finance. He is the financial controller and company secretary of Dynasty Fine Wines Group Limited (stock code: 828), and an independent non-executive director of Ta Yang Group Holdings Limited (stock code: 1991) and China Eco-Farming Holdings Limited (stock code: 8166), all of which are listed on the Hong Kong Stock Exchange.

Mr. Lu Hong Te (呂鴻德), aged 49, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in industrial management science from National Cheng Kung University, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University. He is now a professor at the department of business administration of Chung Yuan Christian University in Taiwan, specializing in sales management and business competitive strategies. He also serves as a visiting professor at institutions including SGP International Management Academy, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center, and a consultant at institutions including the Chinese Association for Industrial Technology Advancement and Taiwan Entrepreneurs Society Taipei/Toronto. He is an independent non-executive director of 5 companies, namely Everlight Chemical Industrial Corporation (stock code: 1711) and Aiptek International Inc. (stock code: 6225) which are listed on the Taiwan Stock Exchange as well as Capxon International Electronic Company Limited (stock code: 469), China Lilang Limited (stock code: 1234) and China SCE Property Holdings Limited (Stock code: 1966), which are listed on the Hong Kong Stock Exchange. He is also an independent director of 2 other companies, namely Firich Enterprises Co., Ltd (stock code: 8076) and Lanner Electronics Inc. (stock code: 6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. Mr. Lu was an independent non-executive director of China Green (Holdings) Limited (Stock code: 0904), which is listed on the Hong Kong Stock Exchange, from November 2008 to March 2009.

Mr. Dai Zhongchuan (戴仲川), aged 43, is the Independent Non-Executive Director of the Company and joined the Board in April 2009. He holds a bachelor's degree and a master's degree in economics from the Xiamen University. He is currently a deputy of the 11th National People's Congress ("NPC"), an associate dean of the College of Law and a tutor of the master's postgraduate programme in international laws of Huaqiao University. Mr. Dai has over 20 years of working experience in legal research and holds various posts in public services in legal and judiciary area, including a member of the Central Legal Committee of the China National Democratic Construction Association, a standing committee member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Internal and Judicial Affairs Committee of Quanzhou Municipal People's Congress as well as an arbitrator of Quanzhou Municipal Arbitration Commission. Mr. Dai was an independent director of Fujian Fynex Textile Science and Technology Company Limited (stock code: 600493), whose shares are listed on the main board of the Shanghai Stock Exchange, from March 2004 to March 2007.

Senior Management

Mr. Ling Shing Ping (凌昇平), aged 42, is the Chief Financial Officer, the Company Secretary and the Vice President of the Company. He is responsible for our overall financial and accounting affairs, treasury and company secretarial matters of the Group. He joined the Group in January 2007. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, accounting and corporate finance. Mr. Ling holds a bachelor's degree in business administration from the University of Hong Kong. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

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





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

We have audited the consolidated financial statements of ANTA Sports Products Limited (the "Company") set out on pages 87 to 129, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

24 February 2010



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Continuing operations			
Turnover	1	5,874,596	4,626,782
Cost of sales		(3,401,702)	(2,778,209)
Gross profit		2,472,894	1,848,573
Other revenue	2	29,399	21,139
Other net loss	2	(718)	(784)
Selling and distribution expenses		(889,893)	(758,415)
Administrative expenses		(216,905)	(179,854)
Profit from operations		1,394,777	930,659
Net finance income	3	51,226	39,563
Profit before taxation	4	1,446,003	970,222
Taxation	5	(196,713)	(67,573)
Profit from continuing operations		1,249,290	902,649
Discontinued operations			
Loss from discontinued operations	6	–	(7,858)
PROFIT FOR THE YEAR		1,249,290	894,791
Other comprehensive income for the year			
Exchange difference on translation of financial statements of operations outside China		(1,785)	(165,036)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,247,505	729,755
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,250,941	894,791
Minority interests		(1,651)	–
PROFIT FOR THE YEAR		1,249,290	894,791
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,249,156	729,755
Minority interests		(1,651)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,247,505	729,755
		RMB cents	RMB cents
Earnings/(loss) per share	10		
From continuing and discontinued operations			
– Basic		50.23	35.94
– Diluted		50.09	35.86
From continuing operations			
– Basic		50.23	36.25
– Diluted		50.09	36.17
From discontinued operations			
– Basic		N/A	(0.31)
– Diluted		N/A	(0.31)

The notes, significant accounting policies and principal subsidiaries on pages 92 to 129 form part of these financial statements.

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

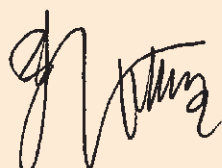
as at 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	11	506,420	452,154
Construction in progress	12	123,827	86,541
Lease prepayments	13(a)	28,024	27,581
Prepayments for acquisition of land use rights	13(b)	36,647	22,101
Intangible assets	14	486,983	4,087
Deferred tax assets	23(b)	11,750	–
Total non-current assets		1,193,651	592,464
Current assets			
Inventories	16	374,090	332,510
Trade and other receivables	17	528,936	524,010
Pledged deposits	18	9,640	184
Fixed deposits held at banks with maturity over three months	19	1,560,000	221,640
Cash and cash equivalents	19	2,437,089	3,271,674
Total current assets		4,909,755	4,350,018
Total assets		6,103,406	4,942,482
Current liabilities			
Trade and other payables	20	819,516	437,151
Amounts due to related parties	29(b)	883	1,551
Current taxation	23(a)	52,061	22,908
Total current liabilities		872,460	461,610
Net current assets		4,037,295	3,888,408
Total assets less current liabilities		5,230,946	4,480,872
Non-current liabilities			
Long-term payable to minority interests – unsecured and at amortised cost		44,006	–
Deferred tax liabilities	23(b)	49,612	–
Total non-current liabilities		93,618	–
Total liabilities		966,078	461,610
Net assets		5,137,328	4,480,872
Equity			
Share capital	24	241,838	241,654
Reserves	25	4,838,101	4,239,218
Total equity attributable to equity shareholders of the Company		5,079,939	4,480,872
Minority interests		57,389	–
Total liabilities and equity		6,103,406	4,942,482

The notes, significant accounting policies and principal subsidiaries on pages 92 to 129 form part of these financial statements.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Ling Shing Ping
Chief Financial Officer

Hong Kong, 24 February 2010

STATEMENT OF FINANCIAL POSITION

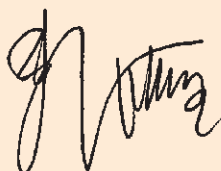
as at 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Non-current assets			
Investments in subsidiaries	15	138	138
Total non-current assets		138	138
Current assets			
Interest and other receivables	17	2,177	5,668
Amounts due from subsidiaries		1,499,429	1,093,265
Cash and cash equivalents	19	595,444	1,653,048
Total current assets		2,097,050	2,751,981
Total assets		2,097,188	2,752,119
Current liabilities			
Other payables and accruals	20	3,509	6,148
Amounts due to subsidiaries		319	–
Total current liabilities		3,828	6,148
Net current assets		2,093,222	2,745,833
Total assets less current liabilities		2,093,360	2,745,971
Equity			
Share capital	24	241,838	241,654
Reserves	25	1,851,522	2,504,317
Total equity attributable to equity shareholders of the Company		2,093,360	2,745,971
Total liabilities and equity		2,097,188	2,752,119

The notes, significant accounting policies and principal subsidiaries on pages 92 to 129 form part of these financial statements.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Ling Shing Ping
Chief Financial Officer

Hong Kong, 24 February 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009
(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company			Minority interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Total RMB'000		
Balances as at 1 January 2008		241,654	3,909,040	4,150,694	–	4,150,694
<i>Changes in equity for 2008:</i>						
Dividends approved in respect of the previous year	26(b)	–	(181,918)	(181,918)	–	(181,918)
Dividends declared in respect of the current year	26(a)	–	(218,423)	(218,423)	–	(218,423)
Equity-settled share-based payments	25(e)	–	764	764	–	764
Total comprehensive income for the year		–	729,755	729,755	–	729,755
Balances as at 31 December 2008 and 1 January 2009		241,654	4,239,218	4,480,872	–	4,480,872
<i>Changes in equity for 2009:</i>						
Dividends approved in respect of the previous year	26(b)	–	(394,954)	(394,954)	–	(394,954)
Dividends declared in respect of the current year	26(a)	–	(263,414)	(263,414)	–	(263,414)
Shares issued pursuant to Pre-IPO Share Option Scheme	24	184	7,588	7,772	–	7,772
Equity-settled share-based payments	25(e)	–	507	507	–	507
Acquisition of subsidiaries	30	–	–	–	59,040	59,040
Total comprehensive income for the year		–	1,249,156	1,249,156	(1,651)	1,247,505
Balances as at 31 December 2009		241,838	4,838,101	5,079,939	57,389	5,137,328

The notes, significant accounting policies and principal subsidiaries on pages 92 to 129 form part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2009
(Expressed in Renminbi)

	Note	2009 RMB'000	2008 RMB'000
Operating activities			
Profit/(loss) before taxation			
– Continuing operations		1,446,003	970,222
– Discontinued operations		–	(7,658)
		1,446,003	962,564
Adjustments for:			
– Depreciation	11	58,574	42,282
– Amortisation of lease prepayments	13(a)	588	715
– Amortisation of intangible assets	14	4,481	797
– Interest expense	3	906	–
– Interest income	3	(51,999)	(78,549)
– Loss/(gain) on disposal of property, plant and equipment, and intangible assets	2	192	(134)
– Share-based payments	4(a)	507	764
Operating profit before changes in working capital		1,459,252	928,439
Increase in inventories		(31,787)	(11,956)
(Increase)/decrease in trade and other receivables		(14,840)	41,865
Decrease in amounts due from related parties		–	317
(Increase)/decrease in pledged deposits		(9,456)	1,406
Increase in trade and other payables		369,729	30,348
(Decrease)/increase in amounts due to related parties		(668)	79
Cash generated from operations		1,772,230	990,498
Income tax paid		(130,317)	(67,917)
Interest received		46,831	93,249
Net cash generated from operating activities		1,688,744	1,015,830
Investing activities			
Disposal of subsidiaries, net of cash disposed of	6	–	(14,653)
Acquisition of subsidiaries, net of cash acquired	30	(399,987)	–
Payments for purchase of property, plant and equipment		(44,826)	(73,340)
Proceeds from sale of property, plant and equipment		1,512	3,384
Payments for construction in progress		(67,813)	(99,009)
Payments for lease prepayments	13(a)	(1,031)	(2,416)
Payments for acquisition of land use rights	13(b)	(14,546)	(1,392)
Payments for purchase of intangible assets	14	(5,227)	(1,228)
Placement of fixed deposits held at banks with maturity over three months		(3,128,000)	(221,640)
Uplift of fixed deposits held at banks with maturity over three months		1,789,640	–
Net cash used in investing activities		(1,870,278)	(410,294)
Financing activities			
Proceeds from shares issued pursuant to Pre-IPO Share Option Scheme		7,102	–
Dividends paid to equity shareholders of the Company	26	(658,368)	(400,341)
Net cash used in financing activities		(651,266)	(400,341)
Net (decrease)/increase in cash and cash equivalents		(832,800)	205,195
Cash and cash equivalents as at 1 January		3,271,674	3,231,515
Effect of foreign exchange rate changes		(1,785)	(165,036)
Cash and cash equivalents as at 31 December	19	2,437,089	3,271,674

The notes, significant accounting policies and principal subsidiaries on pages 92 to 129 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. Turnover

The principal activities of the Company and its subsidiaries (collectively the “Group”) are the manufacturing, trading and distribution of sporting goods including footwear, apparel and accessories in the PRC. Turnover represents the sales value of goods sold less returns, discounts, rebates, value added taxes and other sales taxes, which may be analysed as follows:

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Anta products	5,567,937	4,552,987	–	–	5,567,937	4,552,987
Others*	306,659	73,795	–	143,273	306,659	217,068
Total turnover	5,874,596	4,626,782	–	143,273	5,874,596	4,770,055

* Others represent sales of products of Sports Lifestyle series, Kids sportswear series, Fila branded products and sales to overseas customers for the year. For the year ended 31 December 2008, others represented sales of international branded products and sales to overseas customers.

For the year ended 31 December 2009, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2008: 1).

2. Other Revenue and Other Net Loss

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other revenue						
Government grants*	23,776	14,211	–	–	23,776	14,211
Rental income from operating leases	63	223	–	2,658	63	2,881
Others	5,560	6,705	–	3,181	5,560	9,886
	29,399	21,139	–	5,839	29,399	26,978
Other net (loss)/income						
(Loss)/gain on disposal of property, plant and equipment, and intangible assets	(192)	137	–	(3)	(192)	134
Others	(526)	(921)	–	31	(526)	(890)
	(718)	(784)	–	28	(718)	(756)

* Government grants include cash subsidies granted by various local tax bureaus to the Group's subsidiaries totalling RMB21,860,000 for the year ended 31 December 2009 (2008: RMB11,673,000).

3. Net Finance Income

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	51,999	78,491	–	58	51,999	78,549
Financial assets at fair value through profit or loss	–	2,784	–	–	–	2,784
– realised fair value gain	51,999	81,275	–	58	51,999	81,333
Interest expense recognised on payable carried at amortised cost	(906)	–	–	–	(906)	–
Net foreign exchange gain/(loss)*	133	(41,712)	–	–	133	(41,712)
	(773)	(41,712)	–	–	(773)	(41,712)
Net finance income	51,226	39,563	–	58	51,226	39,621

* For the year ended 31 December 2008, net foreign exchange loss primarily arose from the realised loss on conversion of foreign currency deposits into Hong Kong dollars deposits. The foreign currency deposits were acquired on maturity of certain currency-linked deposits during 2008.

4. Profit/(Loss) Before Taxation

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

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a) Staff costs ⁽ⁱ⁾ :						
Contributions to defined contribution retirement plans	100,873	5,359	–	1,191	100,873	6,550
Share-based payments	507	764	–	–	507	764
Salaries, wages and other benefits	434,780	319,402	–	11,975	434,780	331,377
	536,160	325,525	–	13,166	536,160	338,691
(b) Other items:						
Cost of inventories sold ⁽ⁱ⁾	3,401,702	2,778,209	–	107,014	3,401,702	2,885,223
Depreciation	58,574	34,984	–	7,298	58,574	42,282
Amortisation						
– lease prepayments	588	715	–	–	588	715
– intangible assets	4,481	728	–	69	4,481	797
Subcontracting charges ⁽ⁱ⁾	271,288	293,812	–	–	271,288	293,812
Auditors' remuneration	3,260	2,562	–	–	3,260	2,562
Operating lease charges in respect of properties						
– minimum lease payments	24,873	12,322	–	5,237	24,873	17,559
– contingent rent	–	–	–	19,932	–	19,932
Research and development costs ⁽ⁱⁱ⁾	103,286	82,316	–	–	103,286	82,316

(i) Cost of inventories sold includes subcontracting charges as disclosed above.

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

5. Taxation in the Consolidated Statement of Comprehensive Income

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

	2009	2008
	RMB'000	RMB'000
Continuing operations		
Current tax – PRC Corporate Income Tax		
Provision for the year	158,851	67,573
Deferred tax		
Origination of temporary differences (note 23(b))	37,862	–
	196,713	67,573
Discontinued operations		
Current tax – PRC Corporate Income Tax		
Provision for the year	–	200
	196,713	67,773

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) No provision for Hong Kong Profits Tax, Macau Complementary Income Tax and Singapore Income Tax has been made as the Group does not have assessable profits subject to Hong Kong Profits Tax, Macau Complementary Income Tax and Singapore Income Tax during the year ended 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5. Taxation in the Consolidated Statement of Comprehensive Income (Continued)

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

- (iii) In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, certain subsidiaries in the PRC are entitled to tax concessions and tax relief whereby the profits of these subsidiaries are taxed at preferential income tax rates. Taxation for the Group's PRC subsidiaries are calculated using the applicable preferential income tax rates granted to these subsidiaries.

In addition, the Group is subject to withholding tax at the rate of 10% (unless reduced by treaty) on distributions of profits generated after 31 December 2007 from the Group's foreign-invested enterprises in the PRC. As all of the Group's foreign-invested enterprises are directly and wholly owned by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's foreign-invested enterprises in the foreseeable future in respect of the profits generated after 31 December 2007.

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

	2009 RMB'000	2008 RMB'000
Profit/(loss) before taxation		
– continuing operations	1,446,003	970,222
– discontinued operations	–	(7,658)
	1,446,003	962,564
Notional tax on profit before taxation, calculated at the statutory rates in the countries concerned	363,641	242,776
Tax effect of non-deductible expenses	22,582	26,688
Tax effect of non-taxable income	(5,852)	(429)
Tax effect of unused tax losses not recognised	4,549	–
Withholding tax on profits retained by PRC subsidiaries	49,612	–
Tax effect of tax concessions	(237,819)	(201,262)
Actual tax expense	196,713	67,773

6. Discontinued Operations

On 16 May 2008, the Group disposed of the entire interest in Shanghai Fengxian Sporting Goods Development Limited ("Shanghai Fengxian") (上海鋒線體育用品發展有限公司) and its subsidiaries at a consideration of RMB5,974,000 to Jiangsu Hesheng Investment Guarantee Development Co. Ltd (江蘇和盛投資擔保發展有限公司), an independent third party. In addition, the amount due from Shanghai Fengxian to a group company of RMB181,376,000 was assumed by Jiangsu Hesheng Investment Guarantee Development Co. Ltd. The results of Shanghai Fengxian and its subsidiaries are presented in these consolidated financial statements as discontinued operations for the year ended 31 December 2008.

The results and cash flows of Shanghai Fengxian and its subsidiaries included in the consolidated statement of comprehensive income and consolidated statement of cash flows from 1 January 2008 to 30 April 2008 are set out below:

	Note	Four months ended 30 April 2008 RMB'000
Turnover	1	143,273
Cost of sales	4(b)	(107,014)
Gross profit		36,259
Other revenue	2	5,839
Other net income	2	28
Selling and distribution expenses		(43,346)
Administrative expenses		(6,496)
Loss from operations		(7,716)
Finance income	3	58
Loss before taxation	4	(7,658)
Taxation	5	(200)
Loss for the period		(7,858)
Net cash generated from operating activities		7,099
Net cash used in investing activities		(1,038)
Net cash generated from discontinued operations		6,061



6. Discontinued Operations (Continued)

The net assets of Shanghai Fengxian and its subsidiaries as at 30 April 2008 and the effect of the disposal are as below:

	RMB'000
Assets/(liabilities) being disposed of:	
Property, plant and equipment	21,609
Intangible assets	557
Inventories	114,233
Trade and other receivables	74,213
Cash and cash equivalents	20,627
Trade and other payables	(44,083)
Amount due to a related party	(181,376)
Current taxation	194
Net assets	5,974
Consideration satisfied by:	
Cash	5,974
Net cash outflow of cash and cash equivalents in respect of the disposal of Shanghai Fengxian and its subsidiaries:	
Cash consideration	5,974
Cash and cash equivalents disposed of	(20,627)
	(14,653)

7. Directors' Remuneration

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

Year ended 31 December 2009

	Fees RMB'000	Basic Contributions salaries, allowances and other benefits RMB'000	retirement benefit scheme RMB'000	Share-based payments RMB'000 (Note 22(a))	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors						
Mr. Ding Shizhong	-	1,080	10	-	532	1,622
Mr. Ding Shijia	-	500	4	-	148	652
Mr. Lai Shixian	-	500	6	204	142	852
Mr. Wang Wenmo	-	500	10	-	148	658
Mr. Wu Yonghua	-	500	6	-	148	654
Mr. Zheng Jie	-	2,592	46	-	-	2,638
	-	5,672	82	204	1,118	7,076
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	211	-	-	-	-	211
Mr. Lu Hong Te	141	-	-	-	-	141
Mr. Dai Zhongchuan	64	-	-	-	-	64
Mr. Wong Ying Kuen, Paul	47	-	-	-	-	47
Total	463	5,672	82	204	1,118	7,539



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7. Directors' Remuneration (Continued)

Year ended 31 December 2008

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Share-based payments RMB'000 (Note 22(a))	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors						
Mr. Ding Shizhong	–	1,080	9	–	532	1,621
Mr. Ding Shijia	–	500	3	–	148	651
Mr. Lai Shixian	–	500	3	284	145	932
Mr. Wang Wenmo	–	500	9	–	148	657
Mr. Wu Yonghua	–	500	6	–	148	654
	–	3,080	30	284	1,121	4,515
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	214	–	–	–	–	214
Mr. Lu Hong Te	142	–	–	–	–	142
Mr. Wong Ying Kuen, Paul	142	–	–	–	–	142
Total	498	3,080	30	284	1,121	5,013

During the year, no amount was paid or payable by the Company to the Directors or any of the 5 highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

8. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 (2008: 1) of them are/is also a Director of the Company whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining 3 (2008: 4) individuals are as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other emoluments	3,449	4,179
Discretionary bonuses	1,742	1,822
Share-based payments	29	81
Contributions to retirement benefit scheme	120	75
	5,340	6,157

The emoluments of the 3 (2008: 4) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2009	2008
RMB1,000,001 to RMB1,500,000	2	4
RMB2,500,001 to RMB3,000,000	1	–



9. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB105,000 (2008: RMB24,921,000) which has been dealt with in the financial statements of the Company.

10. Earnings/(Loss) Per Share

(a) Basic Earnings/(Loss) Per Share

From Continuing Operations

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to equity shareholders of the Company from continuing operations for the year of RMB1,250,941,000 (2008: RMB902,649,000) and the weighted average number of shares in issue during the year ended 31 December 2009 of 2,490,636,000 (2008: 2,490,000,000).

Weighted average number of ordinary shares

	2009 '000 Shares	2008 '000 Shares
Issued ordinary shares at 1 January	2,490,000	2,490,000
Effect of share options exercised	636	–
Weighted average number of ordinary shares at 31 December	2,490,636	2,490,000

From Discontinued Operations

The calculation of basic loss per share for the year ended 31 December 2008 is based on the loss borne by equity shareholders of the Company from discontinued operations for the year of RMB7,858,000 and the weighted average number of shares in issue during the year ended 31 December 2008 of 2,490,000,000.

(b) Diluted Earnings/(Loss) Per Share

The calculation of diluted earnings/(loss) per share is based on the weighted average number of shares in issue adjusted for the potential dilutive effect caused by the share options granted under the Pre-IPO share option scheme (see note 22(a)) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2009 '000 Shares	2008 '000 Shares
Weighted average number of ordinary shares	2,490,636	2,490,000
Effect of deemed issue of shares under the Company's Pre-IPO share option scheme	6,915	5,310
Weighted average number of ordinary shares (diluted)	2,497,551	2,495,310

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11. Property, Plant and Equipment

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Retail outlets leasehold improvements RMB'000	Total RMB'000
Cost:						
As at 1 January 2008	196,331	100,308	17,278	38,692	30,209	382,818
Additions	488	39,817	6,148	23,851	3,036	73,340
Transfer from construction in progress (note 12)	84,638	4,444	–	28,433	–	117,515
Disposals	–	(431)	(273)	(822)	(4,587)	(6,113)
Disposal of subsidiaries	–	–	(1,448)	(4,192)	(28,658)	(34,298)
As at 31 December 2008 and 1 January 2009	281,457	144,138	21,705	85,962	–	533,262
Additions	30,612	20,097	566	23,047	507	74,829
Transfer from construction in progress (note 12)	30,543	–	–	4,047	–	34,590
Disposals	–	(1,484)	(1,190)	(830)	(8)	(3,512)
Acquisition of subsidiaries (note 30)	–	–	283	1,839	3,003	5,125
As at 31 December 2009	342,612	162,751	21,364	114,065	3,502	644,294
Accumulated depreciation:						
As at 1 January 2008	13,649	16,816	6,198	10,590	7,125	54,378
Charge for the year	10,545	12,174	2,992	9,610	6,961	42,282
Written back on disposals	–	(147)	(83)	(387)	(2,246)	(2,863)
Written back on disposal of subsidiaries	–	–	(220)	(629)	(11,840)	(12,689)
As at 31 December 2008 and 1 January 2009	24,194	28,843	8,887	19,184	–	81,108
Charge for the year	14,656	13,661	3,211	26,517	529	58,574
Written back on disposals	–	(368)	(1,070)	(362)	(8)	(1,808)
As at 31 December 2009	38,850	42,136	11,028	45,339	521	137,874
Net book value:						
As at 31 December 2009	303,762	120,615	10,336	68,726	2,981	506,420
As at 31 December 2008	257,263	115,295	12,818	66,778	–	452,154

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

12. Construction in Progress

	2009 RMB'000	2008 RMB'000
As at 1 January	86,541	67,832
Additions	71,876	88,509
Transfer from prepayments for acquisition of land use rights (note 13(b))	–	47,715
Transfer to property, plant and equipment (note 11)	(34,590)	(117,515)
As at 31 December	123,827	86,541

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



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

(a) Lease Prepayments

	2009 RMB'000	2008 RMB'000
Cost:		
As at 1 January	30,469	25,957
Additions	1,031	2,416
Transfer from prepayments for acquisition of land use rights (note 13(b))	–	2,096
As at 31 December	31,500	30,469
Accumulated amortisation:		
As at 1 January	2,888	2,173
Charge for the year	588	715
As at 31 December	3,476	2,888
Net book value:		
As at 31 December	28,024	27,581

Lease prepayments represent prepayments of land use rights premiums to the PRC authorities. The Group's leasehold land is located in the PRC, on which the manufacturing plants were built. The Group is granted land use rights for a period of 50 years.

(b) Prepayments for Acquisition of Land Use Rights

	2009 RMB'000	2008 RMB'000
As at 1 January	22,101	70,520
Additions	14,546	1,392
Transfer to construction in progress (note 12)	–	(47,715)
Transfer to lease prepayments (note 13(a))	–	(2,096)
As at 31 December	36,647	22,101

The Group made prepayments for the acquisition of land use rights for certain self-operating properties under development in the PRC. The related ownership certificates are under application as at 31 December 2009.

14. Intangible Assets

	Computer software RMB'000	Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2008	4,471	230	4,701
Additions	1,228	–	1,228
Disposal of subsidiaries	(656)	–	(656)
As at 31 December 2008 and 1 January 2009	5,043	230	5,273
Additions	5,227	–	5,227
Acquisition of subsidiaries (note 30)	–	482,150	482,150
As at 31 December 2009	10,270	482,380	492,650
Accumulated amortisation:			
As at 1 January 2008	453	35	488
Charge for the year	774	23	797
Written back on disposal of subsidiaries	(99)	–	(99)
As at 31 December 2008 and 1 January 2009	1,128	58	1,186
Charge for the year	1,279	3,202	4,481
As at 31 December 2009	2,407	3,260	5,667
Net book value:			
As at 31 December 2009	7,863	479,120	486,983
As at 31 December 2008	3,915	172	4,087

The amortisation charge for the year is included in cost of sales, selling and distribution expenses and administrative expenses in the consolidated statement of comprehensive income.



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15. Investments in Subsidiaries

	The Company	
	2009	2008
	RMB'000	RMB'000
Unlisted shares, at cost	138	138

Details of principal subsidiaries as at 31 December 2009 are shown on pages 128 and 129. The amounts due from/to subsidiaries are unsecured, interest free and are expected to be recovered/paid within 1 year.

16. Inventories

	The Group	
	2009	2008
	RMB'000	RMB'000
Raw materials	100,383	95,284
Work in progress	69,122	63,652
Finished goods	204,585	173,574
	374,090	332,510

17. Trade and Other Receivables

	The Group		The Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	273,378	226,491	–	–
Advance payments to suppliers	103,015	189,897	–	–
Deposits and other prepayments	108,271	66,819	2,025	2,778
Prepayment for construction costs	1,454	10,775	–	–
VAT receivables	28,864	9,910	–	–
Interest receivable	10,339	5,171	152	2,890
Other receivables	3,615	14,947	–	–
	528,936	524,010	2,177	5,668

All of the trade and other receivables are expected to be recovered or recognised as expense within 1 year. An ageing analysis of the trade receivables is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Neither past due nor impaired	269,755	219,494
Less than 3 months past due	3,574	6,703
Past due over 3 months	49	294
	273,378	226,491

The Group normally grants a credit period of 30 to 90 days to its trade customers. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. Pledged Deposits

These bank deposits have been pledged to banks as security for certain construction projects.

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

	The Group		The Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits with banks within three months to maturity when placed	2,175,441	3,060,543	492,441	1,652,362
Cash at bank and in hand	261,648	211,131	103,003	686
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	2,437,089	3,271,674	595,444	1,653,048
Deposits with banks with more than three months to maturity when placed	1,560,000	221,640	–	–
	3,997,089	3,493,314	595,444	1,653,048

As at 31 December 2009, the balances that were placed with banks in the PRC amounted to RMB3,385,384,000 (2008: RMB1,834,575,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

20. Trade and Other Payables

	The Group		The Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	371,158	284,611	–	–
Receipts in advance from customers	9,808	1,519	–	–
Accrued construction costs	1,683	6,941	–	–
VAT and other tax payable	27,189	24,187	–	–
Accruals	373,974	98,282	–	–
Other payables	35,704	21,611	3,509	6,148
	819,516	437,151	3,509	6,148

All of the trade and other payables are expected to be settled or recognised as income within 1 year or are repayable on demand. An ageing analysis of the Group's trade payables is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Within 3 months	336,724	255,083
3 months to 6 months	13,798	14,616
Over 6 months	20,636	14,912
	371,158	284,611



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21. Employee Retirement Benefits

Defined Contribution Retirement Plans

The PRC subsidiaries of the Group participate in several defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the rates of 14% to 26% of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the plan vest immediately.

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

22. Equity-settled Share-based Payments

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme ("the Pre-IPO Option") whereby a Director and 37 employees of the Company were given the rights to subscribe for shares of the Company. The subscription price per share pursuant to the Pre-IPO Option is a 20% discount to the global offering price.

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

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

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

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

	2009 Exercise price	Number of options '000 shares	2008 Exercise price	Number of options '000 shares
Outstanding at the beginning of the year	HK\$4.224	14,915	HK\$4.224	16,000
Exercised during the year	HK\$4.224	(2,088)	–	–
Lapsed during the year	HK\$4.224	(390)	HK\$4.224	(1,085)
Outstanding at the end of the year	HK\$4.224	12,437	HK\$4.224	14,915
Exercisable at the end of the year	HK\$4.224	6,897	HK\$4.224	4,695



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

(a) Pre-IPO Share Option Scheme (Continued)

(ii) (Continued)

The weighted average share price at the date of exercise for share options exercised during the year was HK\$10.52 (2008: not applicable).

The share options outstanding as at 31 December 2009 had an exercise price of HK\$4.224 (2008: HK\$4.224) and a weighted average remaining contractual life of 8 years (2008: 9 years).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes-Merton Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes-Merton Option Pricing Model.

Fair value of share options and assumptions	2007
Fair value at measurement date	HK\$0.15
Share price	HK\$2.40
Exercise price	HK\$3.20
Expected volatility	23.15%-27.20%
Expected option life	1-3 years
Expected dividends	2%
Weighted average annual risk-free interest rates	4.251%-4.499%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(b) Share Option Scheme

The Company has also adopted a share option scheme ("the Share Option Scheme") pursuant to the shareholders' written resolution passed on 11 June 2007.

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

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

No share option has been granted under the Share Option Scheme during the year.

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23. Taxation in the Consolidated Statement of Financial Position

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

	2009 RMB'000	2008 RMB'000
Balance of provision for PRC Corporate Income Tax	52,061	22,908

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Dividend withholding tax RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2008, 31 December 2008 and 1 January 2009	–	–	–
Charged/(credited) to consolidated statement of comprehensive income (note 5(a))	49,612	(11,750)	37,862
As at 31 December 2009	49,612	(11,750)	37,862

(c) Deferred tax assets not recognised:

As at 31 December 2009, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB119,065,000 (2008: RMB14,422,000) of which RMB42,325,000 will expire within 5 years under the current tax legislation. The cumulative tax losses have not been recognised 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 2009, temporary differences relating to the undistributed profits of the Group's foreign-invested enterprises amounted to RMB1,380,852,000 (2008: RMB904,826,000). Deferred tax liabilities of RMB69,043,000 (2008: RMB45,241,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these foreign-invested enterprises and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

24. Share Capital

	Par value HK\$	Number of shares '000	Nominal value of ordinary shares HK\$'000
Authorised:			
As at 31 December 2008 and 2009	0.10	5,000,000	500,000

24. Share Capital (Continued)

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

	Par value HK\$	Number of shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
Issued and fully paid:				
As at 1 January 2008, 31 December 2008 and 1 January 2009	0.10	2,490,000	249,000	241,654
Shares issued pursuant to Pre-IPO share option scheme	0.10	2,088	209	184
As at 31 December 2009	0.10	2,492,088	249,209	241,838

During the year, pursuant to the Company's Pre-IPO share option scheme (note 22(a)), options were exercised to subscribe for 2,088,000 ordinary shares in the Company at a consideration of RMB7,772,000 of which RMB184,000 was credited to share capital and the balance of RMB7,588,000 was credited to the share premium account. RMB103,000 has been transferred from the share-based compensation reserve to the share premium account. In addition, 390,000 options were lapsed during the year. As at 31 December 2009, the total number of shares which may be issued upon the exercise of all options outstanding is 12,437,000 (2008: 14,915,000).

25. Reserves

The Group

	Note	Share premium RMB'000 (Note 25(a))	Capital reserve RMB'000 (Note 25(b))	Statutory reserve RMB'000 (Note 25(c))	Exchange reserve RMB'000 (Note 25(d))	Share-based compensation reserve RMB'000 (Note 25(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2008		3,129,974	141,029	63,307	(89,739)	498	663,971	3,909,040
Dividends approved in respect of the previous year	26(b)	(181,918)	-	-	-	-	-	(181,918)
Dividends declared in respect of the current year	26(a)	(218,423)	-	-	-	-	-	(218,423)
Appropriation to statutory reserve	25(c)	-	-	100,777	-	-	(100,777)	-
Equity-settled share-based payments	25(e)	-	-	-	-	764	-	764
Total comprehensive income for the year		-	-	-	(165,036)	-	894,791	729,755
As at 31 December 2008 and 1 January 2009		2,729,633	141,029	164,084	(254,775)	1,262	1,457,985	4,239,218
Dividends approved in respect of the previous year	26(b)	(394,954)	-	-	-	-	-	(394,954)
Dividends declared in respect of the current year	26(a)	(263,414)	-	-	-	-	-	(263,414)
Shares issued pursuant to Pre-IPO share option scheme	24	7,691	-	-	-	(103)	-	7,588
Appropriation to statutory reserve	25(c)	-	-	85,198	-	-	(85,198)	-
Equity-settled share-based payments	25(e)	-	-	-	-	507	-	507
Total comprehensive income for the year		-	-	-	(1,785)	-	1,250,941	1,249,156
As at 31 December 2009		2,078,956	141,029	249,282	(256,560)	1,666	2,623,728	4,838,101



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

25. Reserves (Continued)

The Company

	Note	Share premium RMB'000 (Note 25(a))	Exchange reserve RMB'000 (Note 25(d))	Share-based compensation reserve RMB'000 (Note 25(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2008		3,129,974	(119,117)	498	111,726	3,123,081
Dividends approved in respect of the previous year	26(b)	(181,918)	–	–	–	(181,918)
Dividends declared in respect of the current year	26(a)	(218,423)	–	–	–	(218,423)
Equity-settled share-based payments	25(e)	–	–	764	–	764
Total comprehensive loss for the year		–	(194,266)	–	(24,921)	(219,187)
As at 31 December 2008 and 1 January 2009		2,729,633	(313,383)	1,262	86,805	2,504,317
Dividends approved in respect of the previous year	26(b)	(394,954)	–	–	–	(394,954)
Dividends declared in respect of the current year	26(a)	(263,414)	–	–	–	(263,414)
Shares issued pursuant to Pre-IPO share option scheme	24	7,691	–	(103)	–	7,588
Equity-settled share-based payments	25(e)	–	–	507	–	507
Total comprehensive loss for the year		–	(2,417)	–	(105)	(2,522)
As at 31 December 2009		2,078,956	(315,800)	1,666	86,700	1,851,522

(a) Share premium and distributability of reserves

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

The aggregate amount of distributable reserves, including share premium and retained profits, of the Company as at 31 December 2009 was HK\$2,124,812,000 (2008: HK\$2,863,331,000).

(b) Capital Reserve

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



25. Reserves (Continued)

(c) Statutory Reserve

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

(d) Exchange Reserve

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

(e) Share-based Compensation Reserve

Share-based compensation reserve represents value of employee services in respect of share options granted to a director and employees of the Group recognised.

(f) Capital Management

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

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

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

26. Dividends

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

	2009 RMB'000	2008 RMB'000
Interim dividend declared and paid after the interim period of HK12 cents per ordinary share (2008: HK10 cents per ordinary share)	263,414	218,423
Final dividend proposed after the end of the reporting period of HK12 cents per ordinary share (2008: HK10 cents per ordinary share)	262,809	219,419
Special dividend proposed after the end of the reporting period of HK11 cents per ordinary share (2008: HK8 cents per ordinary share)	240,908	175,535
	767,131	613,377

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26.Dividends (Continued)

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

	2009 RMB'000	2008 RMB'000
Final dividend in respect of the financial year ended 31 December 2008, approved and paid during the year, of HK10 cents per ordinary share (2007: HK8 cents per ordinary share)	219,419	181,918
Special dividend in respect of the financial year ended 31 December 2008, approved and paid during the year, of HK8 cents per ordinary share (2007: Nil)	175,535	–
	394,954	181,918

27.Financial Instruments

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

(a) Credit Risk

(i) Trade and Other Receivables

The Group's credit risk is primarily attributable to trade and other receivables. Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than three months from the date of billing are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the end of the reporting period, 9% (2008: 16%) and 30% (2008: 35%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

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

(ii) Deposits with Banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings.

27. Financial Instruments (Continued)

(b) Liquidity Risk

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

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

The Group

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount on consolidated statement of financial position RMB'000
As at 31 December 2009						
Trade and other payables	819,516	–	–	–	819,516	819,516
Amounts due to related parties	883	–	–	–	883	883
Long-term payable to minority interests	–	4,124	12,371	94,841	111,336	44,006
	820,399	4,124	12,371	94,841	931,735	864,405
As at 31 December 2008						
Trade and other payables	437,151	–	–	–	437,151	437,151
Amounts due to related parties	1,551	–	–	–	1,551	1,551
	438,702	–	–	–	438,702	438,702

The Company

	2009			2008		
	Within 1 year or on demand RMB'000	Total RMB'000	Carrying amount on statement of financial position RMB'000	Within 1 year or on demand RMB'000	Total RMB'000	Carrying amount on statement of financial position RMB'000
Other payables and accruals	3,509	3,509	3,509	6,148	6,148	6,148
Amounts due to subsidiaries	319	319	319	–	–	–
	3,828	3,828	3,828	6,148	6,148	6,148



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27. Financial Instruments (Continued)

(c) Interest Rate Risk

(i) Interest Rate Profile

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

	The Group			
	2009		2008	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Pledged deposits	3.24%	9,640	0.05%	184
Bank deposits	0.01% – 3.24%	3,735,441	1.22% – 3.24%	3,282,183
		3,745,081		3,282,367
Variable rate instruments:				
Cash at bank and in hand	0.01%	261,648	0.05%	211,131
		261,648		211,131
Total instruments		4,006,729		3,493,498
Fixed rate instruments as a percentage of total instruments		93%		94%

	The Company			
	2009		2008	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Bank deposits	0.01% – 2.05%	492,441	1.22% – 2.05%	1,652,362
		492,441		1,652,362
Variable rate instruments:				
Cash at bank and in hand	0.01%	103,003	0.05%	686
		103,003		686
Total instruments		595,444		1,653,048
Fixed rate instruments as a percentage of total instruments		83%		99%



27. Financial Instruments (Continued)

(c) Interest Rate Risk (Continued)

(ii) Sensitivity Analysis

As at 31 December 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profit for the year by approximately RMB38,998,000 (2008: RMB33,463,000). Other components of consolidated equity would not be affected (2008: Nil) by the changes in interest rates.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group as 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 for 2008.

(d) Currency Risk

The Group is exposed to currency risk primarily through bank deposits, amounts due to intermediate holding company and long term payable to minority interests that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars and United States dollars. During the year ended 31 December 2008, the Group also had exposure to other foreign currencies (see note 3).

(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 year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

The Group

	Exposure to foreign currencies (expressed in Renminbi)			
	2009 Hong Kong Dollars RMB'000	2009 United States Dollars RMB'000	2008 Hong Kong Dollars RMB'000	2008 United States Dollars RMB'000
Cash and cash equivalents	620,393	873	108	41
Trade and other receivables	–	1,789	–	–
Amount due to intermediate holding company	(229,086)	–	(317,484)	–
Trade and other payables	(203)	(6,168)	–	–
Long-term payable to minority interests	–	(44,006)	–	–
Net exposure to currency risk	391,104	(47,512)	(317,376)	41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27. Financial Instruments (Continued)

(d) Currency Risk (Continued)

(ii) Sensitivity Analysis

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

	Increase/ (decrease) in foreign exchange rates in %	2009 Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates in %	2008 Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	5 (5)	19,503 (19,503)	– –	5 (5)	(15,880) 15,880	– –
United States dollars	5 (5)	(2,377) 2,377	– –	5 (5)	2 (2)	– –

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2008.

(e) Commodity Price Risk

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

(f) Business Risk

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



27. Financial Instruments (Continued)

(g) Fair Values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2009 except that the fair value of the long-term payable to minority interests is approximately RMB60,000,000, which is estimated using the expected future payments discounted at prevailing market interest rate as at the end of the reporting period.

28. Commitments

(a) Operating Leases

As at 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2009 RMB'000	2008 RMB'000
Within 1 year	40,338	14,817
After 1 year but within 5 years	35,803	10,061
After 5 years	4,480	–
	80,621	24,878

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

(b) Capital Commitments

Capital commitments outstanding as at 31 December 2009 not provided for in the financial statements were as follows:

	2009 RMB'000	2008 RMB'000
Contracted for	103,832	78,850
Authorised but not contracted for	158,637	166,050
	262,469	244,900

29. Material Related Party Transactions

During the year ended 31 December 2009, in addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
泉州安大包装有限公司 Quanzhou Anda Packaging Co., Ltd.* ("Quanzhou Anda")	Effectively 60% owned by Mr. Ding Shizhong, an Executive Director of the Company, and 40% by Fujian Light Industrial.
福建安大轻工发展有限公司 Fujian Anda Light Industrial Development Co., Ltd.* ("Fujian Light Industrial")	Effectively 30% owned by Mr. Ding Shizhong and 40% by Mr. Lai Shixian, Executive Directors of the Company.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. Material Related Party Transactions (Continued)

(a) Transactions with Related Parties

During the year, the Group entered into the following material related party transactions:

	2009 RMB'000	2008 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda	7,378	10,632

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

(b) Balances with Related Parties

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

	2009 RMB'000	2008 RMB'000
Amounts due to related parties		
Trade balances		
– Quanzhou Anda	813	1,431
Other balances		
– Mr. Ding Shijia	–	50
– Fujian Light Industrial	70	70
	883	1,551

The amounts due to related parties are unsecured, interest free and are expected to be paid within 1 year.

(c) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2009 RMB'000	2008 RMB'000
Short-term employee benefits	8,281	5,227
Share-based payment	233	324
	8,514	5,551

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



30. Acquisition of Subsidiaries

Acquisition of Fila Business in PRC

Effective on 1 October 2009, the Group acquired the entire interest in Fila Marketing (Hong Kong) Limited and its subsidiary and an 85% equity interest in Full Prospect Limited and its subsidiaries (collectively “Fila Business in the PRC”) from their respective owners. Fila Marketing (Hong Kong) Limited and its wholly owned subsidiary, Fila (Macao) Ltd, are responsible for retailing products bearing the Fila PRC Trademarks in Hong Kong and Macau respectively. Full Prospect Limited and its subsidiaries own and manage the Fila PRC Trademarks in mainland China, Hong Kong and Macau.

Fila Business in the PRC contributed turnover of RMB18,417,000 and incurred loss of RMB13,820,000 to the Group for the period from 1 October 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, the Group’s turnover would have been approximately RMB5,951,963,000, and profit for the year would have been approximately RMB1,223,006,000.

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

	Pre-acquisition carrying amount RMB'000	Fair value adjustment RMB'000	Recognised value on acquisition RMB'000
Property, plant and equipment (note 11)	5,125	–	5,125
Intangible assets (note 14)	449,477	32,673	482,150
Inventories	18,848	(9,055)	9,793
Trade and other receivables	19,627	–	19,627
Cash and cash equivalents	44,478	–	44,478
Trade and other payables	(13,102)	–	(13,102)
Loan from the vendor of Fila Business in the PRC (See below)	(118,958)	–	(118,958)
Current taxation	(619)	–	(619)
Long-term payable to minority interests	(43,947)	–	(43,947)
Net identifiable assets	360,929	23,618	384,547
Minority interests			(59,040)
Consideration			325,507
Satisfied by:			
Purchase consideration settled in cash			325,507
Net cash outflow on acquisition:			
Purchase consideration			325,507
Cash and cash equivalents acquired			(44,478)
Settlement of Loan from the vendor of Fila Business in the PRC (See above)			118,958
Net cash outflow on acquisition			399,987



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(Expressed in Renminbi unless otherwise indicated)

31. Significant Accounting Estimates and Judgements

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. Other than the assumptions relating to the valuation of fair value of share options granted as set forth in note 22, the Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the consolidated financial statements.

(a) Impairments

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

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

(b) Net Realisable Value of Inventories

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

(c) Depreciation and Amortisation

The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses charge for the year. The management determines that the remaining useful life of the Fila PRC Trademark is 38 years based on management's expertise in the sportswear industry. It could change significantly as a result of changes in the sportswear market. The useful lives of other assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(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.

(e) Fair value of assets acquired and liabilities assumed upon acquisition of subsidiaries

In connection with acquisition of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on date of acquisition. The determination of fair values of the assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair value of assets acquired and liabilities assumed and would change the amount of depreciation or amortisation expenses recognised relating to those identifiable property, plant and equipment and intangible assets.

32. Non-adjusting Event after the Reporting Period

After the end of the reporting period, the Directors proposed a final and a special dividend. Further details are disclosed in note 26.

33. Comparative Figures

As a result of the application of IAS 1 (revised 2007), Presentation of financial statements, and IFRS 8, Operating segments, certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 34.

34. New and Revised IFRSs

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

- IFRS 8, Operating segments
- IAS 1 (revised 2007), Presentation of financial statements
- Improvements to IFRSs (2008)
- Amendments to IFRS 2, Share-based payment – vesting conditions and cancellations
- Amendments to IFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments

The amendments to IFRS 2 and the Improvements to IFRSs (2008) have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of these developments on the Group's financial statements are as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

The Group operated in a single business segment, which was manufacturing and trading and distribution of ANTA branded sporting goods including footwear, apparel and accessories. Pursuant to the acquisition of the Fila Business in the PRC (see note 30) on 30 September 2009, an additional business segment, which is the trading and distribution of the Fila branded sporting goods, has been identified. However, the Directors consider that, except for the Fila PRC trademarks, the post-acquisition financial results and the financial position of the Fila Business in the PRC to be immaterial to the Group for the year ended and as at 31 December 2009 and the presentation of segment disclosure would not be meaningful in the consolidated financial statements. Accordingly, no segmental analysis is presented.

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this annual report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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35. Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Accounting Year Ended 31 December 2009

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the accounting year ended 31 December 2009 and which have not been adopted in these consolidated financial statements.

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

		Effective for accounting periods beginning on or after
IFRS 3 (Revised)	Business combinations	1 July 2009
Amendments to IAS 27	Consolidated and separate financial statements	1 July 2009
Amendments to IAS 39	Financial instruments: Recognition and measurement – Eligible hedged items	1 July 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
Improvements to IFRSs 2009		1 July 2009 or 1 January 2010

36. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2009 to be Anta International Group Holdings Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

37. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the Board on 24 February 2010.



(A) Statement of Compliance

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

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

These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries. The consolidated financial statements are presented in RMB, rounded to the nearest thousand, and are prepared on the historical cost basis except that the financial assets at fair value through profit or loss are stated at their fair value as explained in (L) below.

A summary of the significant accounting policies adopted by the Group is set out below.

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

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

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

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2009 include the financial statements of the Company and its subsidiaries.

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

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

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the

Company, whether directly or indirectly through subsidiaries, 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. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with (M).

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

(D) Property, Plant and Equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see (I)).

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 3-5 years
- Retail outlets leasehold improvements 2 years

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

(E) Construction in Progress

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

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

(F) Lease Prepayments

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

(G) Intangible Assets

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

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 costs and others | 3-5 years |

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

(H) Operating Lease Charges

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

(I) Impairment of Assets

(i) Impairment of Trade and Other Receivables

Receivables that are stated at cost or amortised cost are reviewed at each end of the reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

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

(ii) Impairment of Other Assets

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

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

(J) Inventories

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

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

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

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

(K) Trade and Other Receivables

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

(L) Financial Assets at Fair Value Through Profit or Loss

Performances of financial assets at fair value through profit or loss are managed and their performances are evaluated on a fair value basis. A financial asset is classified in this category at initial recognition in accordance with the Group's investment strategy. At each end of the reporting period, the fair value is re-measured with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit and loss includes the interest income earned on these financial assets. Assets in this category are classified as current assets.

(M) Payables

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

(N) Cash and Cash Equivalents

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

(O) Employee Benefits

(i) Short Term Employee Benefits and Contributions to Defined Contribution Retirement Plans

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

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

(ii) Share-based Payments

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

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

(P) Income Tax

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

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

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

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

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

(Q) Provisions and Contingent Liabilities

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

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

(R) Revenue Recognition

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

(i) Sale of Goods

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

(ii) Interest Income

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

(iii) Rental Income from Operating Leases

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

(iv) Government Grants

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

(S) Translation of Foreign Currencies

(i) Functional and Presentation Currency

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



(ii) Transactions and Balances

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

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

The results of operations outside the PRC 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 the PRC, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(T) Borrowing Costs

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

(U) 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. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the period in which it is incurred.

(V) Dividends

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

(W) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

(X) 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.

(Y) Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Anta Enterprise Group Limited ("Anta Enterprise")	BVI/Hong Kong	USD10,000/USD50,000	100%	–	Investment holding
Motive Force Sports Products Limited ("Motive Force")	BVI/Hong Kong	USD10,000/USD50,000	100%	–	Investment holding
Anda International Investment Limited ("Anda Int'l Inv")	Hong Kong	HKD1,000,000/ HKD1,000,000	–	100%	Investment holding
ANTA International Limited ("ANTA Int'l")	Hong Kong	HKD1/HKD10,000	–	100%	Management services
安踏(中國)有限公司(「安踏中國」) ANTA (China) Co., Ltd. ("ANTA China") (Notes (i) and (iii))	PRC	HKD600,000,000/ HKD600,000,000	–	100%	Manufacturing and trading of sporting goods
安踏(長汀)體育用品有限公司 (「安踏長汀」) ANTA (Changting) Sports Products Co., Ltd. ("ANTA Changting") (Notes (i) and (iii))	PRC	HKD80,000,000/ HKD80,000,000	–	100%	Manufacturing of sporting goods
安踏(廈門)體育用品有限公司 (「安踏廈門」) ANTA (Xiamen) Sports Goods Co., Ltd. ("ANTA Xiamen") (Notes (i) and (iii))	PRC	HKD50,000,000/ HKD50,000,000	–	100%	Manufacturing of sporting goods
安踏(泉州)體育用品有限公司 (「安踏泉州」) ANTA (Quanzhou) Sports Products Limited ("ANTA Quanzhou") (Notes (i) and (iii))	PRC	HKD100,000,000/ HKD100,000,000	–	100%	Manufacturing of sporting goods
廈門安踏貿易有限公司 (「廈門安踏貿易」) Xiamen ANTA Trading Co., Ltd. ("Xiamen ANTA Trading") (Notes (i) and (iii))	PRC	HKD300,000,000/ HKD300,000,000	–	100%	Trading of sporting goods
廈門安踏投資管理有限公司 (「廈門安踏投資」) Xiamen ANTA Investment Management Company Limited ("Xiamen ANTA Investment") (Notes (ii) and (iii))	PRC	RMB125,000,000/ RMB125,000,000	–	100%	Investment holding
晉江安踏貿易有限公司 (「晉江安踏貿易」) Jinjiang ANTA Trading Co., Ltd. ("Jinjiang ANTA Trading") (Notes (ii) and (iii))	PRC	RMB10,000,000/ RMB10,000,000	–	100%	Trading of sporting goods



Name of company	Place of incorporation/ operation	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HKD79,800,000/ HKD79,800,000	–	100%	Retailing of sporting goods
Fila (Macao) Limited ("Fila Macau")	Macao	MOP25,000/ MOP25,000	–	100%	Retailing of sporting goods
Full Prospect Limited ("Full Prospect")	Cayman Islands/ Hong Kong	USD100/ USD50,000	–	85%	Investment holding
Full Prospect (IP) PTE Ltd ("Full Prospect IP")	Singapore/ Hong Kong	USD200,000/ USD200,000	–	85%	Trademark holding
Speed Benefit Limited ("Speed Benefit")	Hong Kong	HKD1,000,000/ HKD1,000,000	–	85%	Investment holding
斐樂體育有限公司 (「斐樂中國」)	PRC	USD9,000,000/ USD9,000,000	–	85%	Trading of sporting goods
Fila PRC Co. Limited ("Fila China") (Notes (i) and (iii))					

Notes:

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

AGM

The annual general meeting of the Company or any adjournment thereof

Anda Holdings

Anda Holdings International Limited

Anda Investments

Anda Investments Capital Limited

ANTA

ANTA Brand

Anta International

Anta International Group Holdings Limited

ANTA Sports/Company

ANTA Sports Products Limited

ANTA Store(s)

ANTA authorised retail store(s)

ASP/Average Selling Price

Sales amount divided by sales quantity

Average Sales Floor Area

Practical sales floor area, excluding warehouse, divided by number of stores

Board

The Board of Directors of the Company

BVI

The British Virgin Islands

CBA

Chinese Basketball Association

CCTV

China Central Television

CCTV5

China Central Television Sports Channel

China/PRC

People's Republic of China

COC

Chinese Olympic Committee

CPI

Consumer Price Index

CSD

Chinese Sports Delegation

CSR

Corporate Social Responsibility

CUBA

Chinese University Basketball Association

ERP

Enterprise Resources Planning System, a business support system that maintains in a single database for a variety of business functions

Executive Directors

Executive directors of the Company

Fila PRC Trademarks

All trademarks bearing "FILA" brand registered in the mainland China, Hong Kong and Macau

Fila Products

Sportswear products bearing the Fila PRC Trademarks

GDP

Gross Domestic Product

Group

The Company and its subsidiaries

Hong Kong

The Hong Kong Special Administrative Region of the PRC

Hong Kong Dollars, HK\$

Hong Kong Dollars, the lawful currency of Hong Kong

Hong Kong Stock Exchange/ HKEX

The Stock Exchange of Hong Kong Limited

Independent Non-Executive Directors

Independent non-executive directors of the Company

IPO

Initial Public Offering

Kids sportswear series

ANTA's sportswear products for children aged between 8 and 14

Listing Rules

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

NBA

National Basketball Association

ODM

Original Design Manufacturer

OEM

Original Equipment Manufacturer

POP

Point of purchase advertising

POS

ANTA stores' point of sales

PPI

Producer Price Index

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

Share(s)

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

Shareholders

Shareholders of the Company

Sports Lifestyle series

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

Total Sales Floor Area

Practical sales floor area, excluding warehouse

TVC

Television Commercial

WTA

Women's Tennis Association

Year

The year ended 31 December 2009



INVESTORS INFORMATION

2010 Financial Calendar



Corporate Profile

As one of the leading branded sportswear enterprises in China, the Group primarily designs, develops, manufactures and markets sportswear, including sports footwear, apparel and accessories. The Group has established extensive distribution network and nationwide retail outlets in China under the management of the distributors. The Group places great emphasis on branding by integrating the resources from sports leagues' sponsorships, placement of advertisements, interaction with consumers through internet and endorsement of elite athletes with the featured products to enhance brand and product differentiation. Its footwear has been led in China composed index on market shares for 8 consecutive years.

Share Information

Listing date:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares outstanding as at 31 December 2009:	2,492,088,000 shares

Stock Codes

Hong Kong Stock Exchange	2020
Reuters	2020.HK
Bloomberg	2020HK

Dividends

Final dividend in 2007	HK8 cents
Interim dividend in 2008	HK10 cents
Final dividend in 2008	HK10 cents
Special dividend in 2008	HK8 cents
Interim dividend in 2009	HK12 cents
Final dividend in 2009	HK12 cents
Special dividend in 2009	HK11 cents



Investor Relations Contact

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REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 December 2009.

BOOK CLOSURE

The transfer books and register of members of the Company will be closed from Wednesday, 7 April 2010, to Friday, 9 April 2010, both days inclusive, for the purpose of determining shareholders' entitlements to the proposed final and special dividends. In order to qualify for the final and special dividends and the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4.30 p.m. on Tuesday, 6 April 2010.

ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held in Hong Kong on Friday, 9 April 2010. Notice of the AGM will be issued and disseminated to shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT

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

By Order of the Board
Ling Shing Ping
Company Secretary

Hong Kong, 24 February 2010

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