

# Management Discussion and Analysis

## 管理層討論及分析

### INDUSTRY REVIEW

Being one of the leading countries in terms of population and prosperity, China's sportswear industry is growing unceasingly.

In 2007, China's economy maintained a steady and fast growth as reflected in the steady increase in the gross domestic product ("GDP"). According to the National Bureau of Statistics of China, GDP for 2007 was approximately RMB24.7 trillion, an increase of 11.4%, or 0.3% point higher than that of 2006, representing a fifth consecutive year of over 10% growth.

Meanwhile, the per capita disposable income of urban population in 2007 was RMB13,786, representing a growth of 17.2% compared to that in 2006. The growth in per capita disposable income boosted the purchasing power, stimulated the demand for consumer goods, and showed a positive influence in China's sportswear industry.

Urbanization has accelerated in China due to its rapid economic growth in cities. However, when compared to other developed countries, the development potential of China is still very promising. According to Population Division, Department of Economic and Social Affairs of the United Nations, the level of urbanization in China is approximately 40%, which is far lower than that of the United States (approximately 80%) and Japan (approximately 66%) as well as the average global level of approximately 50%. Amidst accelerating urbanization of China, people's demand for consumer goods has also increased. According to the National Bureau of Statistics of China, the total retail sales of consumer goods in 2007 amounted to RMB8.9 trillion, representing a growth of 16.8%, and 3.1% points higher than that in 2006.

We consider the economic growth in second- and third-tier cities would be even higher and consumers in these cities would most likely look for mid-price range value-for-money products. As ANTA products are targeting the mass market, riding the prosperous trend of the mass market, the Group has experienced significant growth in the past few years.

In recent years, consumption patterns of Chinese have been changing, with consumers' expenditure increasingly directed towards lifestyle-enhancing products and services like sportswear products. With reference to China Statistical Yearbook of 2006, considerable sales in China's footwear market with rapid momentum (approximately 20.5%) was recorded per year from 2002 to 2006. Despite the fact that the consumption of China's footwear products has shared 21.2% of the world's figures, the per capita footwear consumption in China is much lower than those of other Western and Asian developed countries. Stimulated by domestic demand, the Group believes that footwear consumption in China will continue to grow steadily.

### 行業回顧

中國作為全球人口最多及全球經濟增長最快的國家之一，體育用品市場正不斷地急速增長。

於二零零七年，中國經濟的持續增長充分表現於國內生產總值的穩步提升。根據中華人民共和國國家統計局統計，二零零七年之國內生產總值約達人民幣24.7萬億元，比二零零六年同期增長11.4%，上升0.3%，連續五年增速超過10%。

與此同時，二零零七年的城鎮居民每年人均可支配收入為人民幣13,786元，比二零零六年同期增長17.2%。國民可支配收入的增長帶動購買能力的提升，刺激對消費品的需求，為中國的體育用品市場帶來正面的影響。

中國的城鎮經濟增長，同時亦加速了其城市化的速度。然而，對比其他發達國家，中國發展潛力仍十分可觀。根據聯合國經濟和社會事務部人口司之統計，現時中國的城市化水平約為40%，遠低過美國（約80%）及日本（約66%），更低於全球性平均的約50%。隨著城市化趨勢的加快，國民對消費品的需求亦繼續擴大。據中華人民共和國國家統計局，二零零七年的社會消費品零售總額為人民幣8.9萬億元，比二零零六年同期增長16.8%，上升3.1%。

我們認為二三線城市的經濟增長尤為顯著，兼且這些城市的消費者希望一些物超所值的中價位產品。因為安踏產品專門針對大眾市場，本集團近幾年也隨著大眾市場蓬勃的趨勢而大幅增長。

近年，中國人民的消費模式亦有改變，消費支出傾向提高生活品味的產品和服務，如體育用品等。據二零零六年《中國統計年鑒》，中國鞋類市場的銷售額規模龐大，在二零零二至二零零六年間，每年錄得快速增長（約20.5%）。雖然中國鞋類產品年消費量佔全球比重21.2%，但中國人均鞋類消費遠低於其他西方和亞洲發達國家。在內需啓動的刺激下，本集團相信中國鞋類消費額將持續增長。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The countdown of 2008 Beijing Olympics has already begun. The popularity of sports arouses people's interests in and their concerns for health. Active participation in sports for health has become one of their daily activities. While sportswear industry is a new focal point of China's economic development, consumption on sportswear has as well become a popular aspect of consumption. Moreover, with Shanghai World Expo and the Asian Games in Guangzhou in 2010, the Group believes that the boom in China's sportswear market has yet to come to its peak.

Establishing a nation-wide brand with high coverage in second- and third-tier cities in China require substantial investment for a long period of time and such brand offers many benefits to its distributors in the expansion of the sales network. Only a handful of sportswear products enterprises have successfully established its brand in China and the consumers' loyalty is only maintained with one or two of such brands. ANTA, as a nation-wide sportswear products brand successfully establishing a concrete foothold in China's consumer market, will continue to strengthen its competitive edges and maintain consumers' support.

### BUSINESS REVIEW

#### Brand building and marketing

ANTA products have leading brand desirability and recognition in China. During the year, the Group continues to emphasize branding and marketing, and implement diversified brand dissemination campaign including integrated marketing strategies such as sports events sponsorship, advertising campaign, endorsement of elite athletes and so forth. In respect of featured products, the Group has launched comprehensive advertising production to enhance communications with consumers, to single-out product differentiation and to improve the brand image. During the year, the Group has incurred expenditure on brand promotions and sponsorships, representing 11.7% of the sales (including subsidies on display and promotional materials, see the section titled "Distribution management and retail network" for details), compared to 8.3% in 2006. Major measures implemented are as follow:

二零零八年的北京奧運已進入倒數階段，體育普及提高了人民對健康的興趣和關注，多參與運動以保健防病成為日常活動之一。體育事業成為中國經濟發展的一個新焦點，而運動消費亦已經成為居民消費的新熱點。另外，二零一零年的上海世界博覽會和廣州亞運會的舉辦，本集團相信中國體育用品市場將持續發展。

打造一個全國知名而又能高度覆蓋二、三線城市的品牌需要長期而大量的投資和給予分銷商利益以擴展銷售網絡，於中國只有幾家企業已成功建立品牌及消費者只忠誠於一兩個品牌。安踏作為一個全國知名而又於消費品市場已成功建立穩固基礎的品牌，我們會繼續加強競爭優勢及令消費者繼續支持。

### 業務回顧

#### 品牌建設及市場推廣

安踏品牌產品在國內擁有領先的品牌美譽度及認知度。本年度，本集團繼續專注品牌建設及市場推廣，推出多方面的品牌傳播攻勢，包括體育贊助、廣告宣傳、代言人贊助等整合營銷策略，並針對重點產品推出全方位的廣告宣傳，加強與消費者的溝通，突顯產品差異化及提升品牌形象。本年度，本集團於品牌推廣及贊助方面的投入為銷售額的11.7%（包括對零售網點形象推廣的補貼費用，見下一節「分銷管理及零售網絡」），而去年同期為8.3%。重要舉措概述如下：



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### *Olympics "I Believe" promotional activity*

Capitalized on the public's concern for the Beijing Olympics, the Group has commenced a one and a half year long Olympics integrated promotional plan and successfully promoted the brand awareness. On 8 August 2007, the Group inaugurated the promotion for Olympics with 5 thematic commercials on the China Central Television ("CCTV") Sports Channel and other sports channels in various regions, covering volleyball, table tennis, basketball, track and field, and fencing, the sports of which the national teams with gold medalists hope. Echoing with outdoor advertisements, sales promotion and other media propagation, these have merged our brand ideology with the Olympic spirits. Under slogans of "Together 08" and "Let's support for our believes!", the Group initiated a website with "I Believe" as the theme ([www.antaibelieve.com](http://www.antaibelieve.com)) to pioneer interaction between consumers and the Olympics and introduced Olympics-themed products. At the same time, the Group efficiently seized the opportunity of consumers' rising demand for sportswear products.

### *Entered into strategic alliance partnership with Houston Rockets of NBA*

The owner of Houston Rockets of NBA is the strategic investor of the Group during our listing on The Stock Exchange of Hong Kong Limited. On 10 November 2007, both parties signed a contract to enter into a strategic alliance partnership to jointly carry out business development and marketing. In view of the reputation of Houston Rockets in China, the co-operation is expected to further enhance the influence of ANTA brand in the basketball domain, and to promote the development of China's sports with the spirit of "Keep moving". Meanwhile, it symbolizes the sophistication of the development strategy of the Group's brand with its marching towards the goal of becoming the world's famous and leading sportswear brand.

### *奧運「我相信」宣傳活動*

藉著大眾對北京奧運的熱情和關注，本集團於二零零七年八月八日展開為期一年半的奧運宣傳攻勢，推出5條以奧運為主題的廣告，涵蓋排球、乒乓球、籃球、田徑及劍擊等國家隊熱門奪金運動，於中央電視台（CCTV）體育頻道及各大地區體育頻道不斷播放，配合其他戶外廣告、終端宣傳及其他媒體推廣，將品牌理念及奧運精神互相結合，成功地增加品牌知名度。同時，本集團推出「我相信」為主題的網站([www.antaibelieve.com](http://www.antaibelieve.com))，以「08一起來」及「共同為信念加油」作口號，倡導消費者和奧運活動作良性互動，並推出以奧運為主題的商品，有效地緊貼消費者對體育用品需求增長的機遇。



### *與NBA休斯頓火箭隊戰略聯盟合作關係*

NBA休斯頓火箭隊班主為本集團於香港聯合交易所有限公司上市時的策略投資者，雙方於二零零七年十一月十日簽署合同，達成戰略聯盟合作關係，共同進行商業開發和市場推廣。透過火箭隊在國內擁有極高的知名度，雙方合作將進一步提升安踏品牌在籃球領域的影響力和品牌國際化。以「永不止步」的精神，推動中國體育事業的發展。同時，標志著本集團品牌發展戰略體系成熟，向全球知名領先體育品牌的目標邁進。



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

Steve Francis and Luis Scola, NBA players of Houston Rockets, signed endorsement agreements with the Group in October and November 2007 respectively. In all the NBA competitions for the coming 2 years, these two players will wear professional basketball shoes with ANTA brand, which sufficiently proved ANTA products' professionalism and the recognition it received from the world's top sporting events.

As the long-term strategic partner of Chinese Basketball Association ("CBA"), the Group, together with Houston Rockets, co-organised the "CBA ANTA Star Training Camp" which will be launched in 2008 to train up the China emerging basketball star players from CBA with top-end international resources from Houston Rockets. The training camp has particularly invited Rick Adelman, the head coach of Houston Rockets, to act as the general instructor. Besides, two sponsored players will join the training camp and share their experiences and skills with our young CBA players. This event inaugurated the co-training of young Chinese players between CBA and NBA as well as initiative of the promotion and the development of China basketball.

### *Actively sponsoring major sports leagues in China*

Being China's leading sportswear company, the Group actively sponsors various top-tier professional sports leagues in China, including the equipment sponsors for all 16 basketball teams in CBA and the indoor advertisements. The Group is also the sole equipment sponsor for "China Table Tennis Super League" and the title sponsor for "ANTA National Volleyball League", "ANTA National Volleyball Grand Prize Cup" and "ANTA National Volleyball Championship Cup". The sports channel of CCTV provides continuous live and rebroadcast of those competitions across the country, which received great exposure and efficiently improved the brand awareness of the Group. Moreover, the Group has tailor-made equipment for all players that highlight the professional standard of ANTA products.

Meanwhile, the Group has launched "CBA Stars Track Scheme", "CBA Go! Go! Go!", "The First CBA ANTA Equipment Design Competition" and other integrated marketing strategies to propagate CBA's spirit and enhance public's interest on basketball games, showcasing the Group's persistence on promoting sports development in China.



本集團於二零零七年十月份和十一月份分別成功簽約火箭隊球員弗朗西斯(Steve Francis)及斯科拉(Luis Scola)。兩位球星將至少在未來兩年內的NBA比賽中穿著安踏品牌的專業籃球鞋，足證安踏品牌產品的專業性及認受性受世界頂尖賽事的認可。

作為中國男子籃球職業聯賽(「CBA聯賽」)長期战略合作夥伴，本集團與火箭隊合辦「CBA安踏星銳訓練營」，於二零零八年啓動，透過火箭隊的頂級國際資源，全力培訓CBA聯賽中有潛質的中國籃球新星。訓練營特別邀請了火箭隊主教練里克·阿德爾曼(Rick Adelman)作總指導，其中2位贊助的球星亦會加入訓練營與CBA年輕運動員交流，以NBA的訓練方法提升CBA的技術。此舉開創了CBA與NBA球隊合作培訓中國年輕球員的先河，並促進了中國籃球運動的發展。

### *積極贊助國內大型體育聯賽*

作為中國領先的體育用品公司，本集團積極贊助國內多項頂級專業體育聯賽，包括贊助「中國男子籃球職業聯賽」中所有16支球隊隊裝及場內廣告；「中國乒乓球超級聯賽」，成為賽事的唯一指定運動裝備贊助商；冠名贊助「安踏全國排球聯賽」、「安踏全國排球大獎賽」及「安踏全國排球錦標賽」。賽事於中央電視台體育頻道作全國持續直播及回放，曝光率極高，有效地增加本集團品牌知名度。同時，本集團為所有球員度身訂做裝備配件，突顯安踏產品的專業性。

本集團同時推出「CBA星航線計劃」、「CBA加油一齊來」、「首屆CBA安踏裝備設計大賽」及其他結合營銷的宣傳策略，傳播CBA的體育精神，提高大眾對籃球運動的關注，表現出本集團對推動中國運動事業發展的堅持。





# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### *Effective use of various promotional channels to conduct commercials and media propagation*

The Group has devoted abundant resources to marketing and advertisement, seeking to consistently optimize and implement product integration as well as the integrated marketing strategies of market and retail network. The Group introduces at least seven advertisements in each season for featured products so as to promote the competitive edges to consumers through all sorts of media, product displays and outdoor advertisements, and so forth. During the year, the Group has launched a total of five series of brand promotion advertisements to spread the ideology of “Keep Moving” to consumers. Riding on the influence of internet advertisement, the Group organised “I Write My Dream” and “Election on CBA Star Players” and other activities. The Group also spreads brand ideology and notion through brand website for interactive communication with consumers. In the meantime, the Group has introduced “ANTA Community” website (<http://www.anta.com/anta2008>), enabling consumers to gain access to resources such as the latest sports news and health tips, and has tailor-made individual training plan for each consumer.



### *Entered into co-operative agreements with various national athletic organizations*

During the year, the Group has formally entered into co-operative agreements with the Bicycle and Fencing Administrative Center under China’s General Administration of Sports and officially entered into collaboration agreements with its associated organizations, the Fencing Association of China, the Bicycle Association of China, the Triathlon Association of China, the China Modern Five Games Association and the Equestrianism Association of China, thereby becoming their designated and sole equipment sponsor. At the same time, the Group has also sponsored a number of emerging and outstanding national athletes including Wang Hao (王皓), a core member in the national table tennis team of China and Tang Zhengdong (唐正東), an elite CBA player. Our sponsorship covered those potential Olympics champion events such as table tennis, track and field, volleyball, fencing and basketball.

### *善用不同宣傳渠道進行廣告及媒體推廣*

本集團投放大量資源於市場營銷及廣告宣傳，不斷優化和執行結合產品、市場及零售網絡的整合營銷策略。本集團每季至少推出7款針對重點產品的廣告，透過各種媒體、終端展示、戶外廣告等將產品優點向消費者傳遞。本集團期內共推出5個系列的品牌傳播廣告，向消費者宣揚「永不止步」的理念。本集團把握網絡廣告的影響力，期內舉辦「我的夢想我來寫」及「安踏星銳挑戰賽球員票選」等活動，將產品信息、品牌理念等透過品牌網站與消費者作互動溝通。同時，本集團推出「安踏小區」網站(<http://www.anta.com/anta2008>)，讓消費者隨時獲得最新的體育信息及健康心得等訊息，並能度身訂做個人運動計劃。

### *與國家級體育協會及專業運動員達成合作協議*

於年內，本集團與中國國家體育總局自行車擊劍運動管理中心正式建立合作協議，與其下屬機構中國擊劍協會、中國自行車運動協會、中國鐵人三項運動協會、中國現代五項協會、中國馬術協會簽訂官方合作夥伴協議。同時，本集團贊助多名有潛質國家運動員，包括國家乒乓球隊主力王皓及CBA球員唐正東等優秀運動員，涵蓋乒乓球、田徑、排球、劍擊及籃球等奧運奪標項目。



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### Actively Sponsored Sports Events

The Group is the title sponsor of “ANTA CCTV Sports Personality” on the CCTV. In April 2007, a three-hour live TV show was aired on CCTV to award outstanding sportsmen and athletes for the year of 2006, including Liu Xiang (劉翔). During the year, the Group has also sponsored “2007 2+1 Extraordinary Three Persons of Robust Basketball Match” and the “21st Dalian International Marathon of All Nippon Airways Cup”. All the participants and staffs of the events have dressed in the Group’s apparel and equipment. Thus, communication between ANTA brand and consumers has been improved and the professional image of ANTA brand has been strengthened among consumers.

### 積極贊助體育活動

本集團為中央電視台「安踏CCTV體壇風雲人物」的冠名贊助商，在二零零七年四月在中央電視台向全國進行了三小時的電視直播，對包括劉翔在內的二零零六年表現優秀的體育工作者及運動員表彰。期內，本集團贊助了「二零零七年非常2+1樂百氏籃球賽」及「第二十一屆全日空杯大連馬拉松」，所有參加者及工作人員均穿著本集團的服裝裝備，增加安踏品牌與消費者的溝通，強化安踏品牌在消費者心中的專業形象。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Vertical Intergrated Business Model 垂直整合業務模式





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Distribution Management and Retail Network

The Group continues to reinforce our leading presence in the sportswear industry whilst expanding ANTA brand's retail network in China. Backing by our strong China market basis, the Group has also proactively sought opportunities of overseas development for ANTA brands for internationalising our brand. Meanwhile, the Group has developed the retail business of international branded sportswear products. It has enhanced our control and experience in the domestic retail business, strengthened the Group's capability of business integration and effectively elevated our market penetration and influence.

#### ANTA Brand

##### ANTA Brand in China's market

The Group continues to strengthen the establishment of distribution channels and network, increasing the penetration in the second- and third-tier cities markets, finding prime locations for expanding the network. Meanwhile, the Group consistently improved the store image, furnishings and decorations by optimising authorised ANTA retail outlets. During the year, under the Group's ANTA brand, 1,394 retail outlets were newly set up, 691 retail outlets were refurbished and 786 retail outlets situated in less satisfactory geographical locations or smaller in size were discontinued, leading to a net increase of 608 retail outlets. However, the total sales floor area has increased from 328,530 sq.m. at the end of 2006 to 433,843 sq.m. at the end of 2007 while the average sales floor area increased from 80 sq.m. at the end of 2006 to 92 sq.m. at the end of 2007.

As at 31 December 2007, the Group managed 39 distributors and 4,716 ANTA authorised retail outlets through 6 regional operational centers. The distributors managed and operated retail outlets across the nation and the number of self-owned stores of such distributors increased from 863 stores (or 21.0% to the total outlets) as at 31 December 2006 to 1,424 stores (or 30% to the total outlets) as at 31 December 2007. The Group will proactively expand its coverage in shopping malls and sports complex. 22% of stores are in the form of departmental concessionary stores as at 31 December 2007.

### 分銷管理及零售網絡

本集團繼續強化在中國體育用品市場的領先地位，擴展安踏品牌在中國零售網絡。在立足中國的基礎上，積極尋求海外發展機會，使品牌步向國際化。同時，本集團拓展國際體育品牌的零售業務，增加對國內零售業務的掌握和經驗，加強本集團的業務整合能力，有效地增加市場滲透率和影響力。

#### 安踏品牌

##### 安踏品牌在中國市場

本集團繼續加強分銷管道網絡建設，增加在二、三線城市的市場滲透，尋找有利位置擴展網點範圍。同時，本集團以優化安踏品牌授權零售門市為發展重點，不斷提升店鋪形象、陳設及裝修。於年內，本集團安踏品牌共新增1,394間零售門市，更新店鋪形象691間零售門市，關閉地理位置不佳或面積較少的786間零售門市，淨增加608間零售門市。但是，總銷售面積由二零零六年底的328,530平方米上升至二零零七年底的433,843平方米，而平均銷售面積由二零零六年底的80平方米上升至二零零七年底的92平方米。

截至二零零七年十二月三十一日，本集團透過6個地區性營運中心，管理39名分銷商及4,716間安踏品牌特許零售門市。分銷商在中國各地管理及經營零售門市，這些分銷商擁有的自營店數目從二零零六年十二月三十一日的863家（佔總數21.0%）增加至二零零七年十二月三十一日的1,424家（佔總數30%）。本集團並積極推動對商場及運動城的覆蓋，至二零零七年底非街鋪店鋪比例為22%。





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Nationwide Distribution and Retail Network

(As at 31 December 2007)

### 全國分銷和零售網絡

(於二零零七年十二月三十一日)



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

The following table sets out the development of distribution channel for ANTA's brand by geographical location:

下表為安踏品牌分銷管道按地區劃分之發展情況：

		31 December 2006	Expanded	Discontinued	31 December 2007	Refurbished
		於二零零六年 十二月三十一日	新增	關閉	於二零零七年 十二月三十一日	改造
		(no. of shops)	(no. of shops)	(no. of shops)	(no. of shops)	(no. of shops)
		(店鋪數目)	(店鋪數目)	(店鋪數目)	(店鋪數目)	(店鋪數目)
Eastern region	東區	1,224	377	(209)	1,392	167
Southern region	南區	825	266	(93)	998	157
Western region	西區	894	347	(174)	1,067	199
Northern region	北區	1,165	404	(310)	1,259	168
		4,108	1,394	(786)	4,716	691

Notes:

- (1) Eastern region includes Jiangsu, Zhejiang, Anhui, Jiangxi and Shanghai.
- (2) Southern region includes Fujian, Guangdong, Hainan and Guangxi.
- (3) Western region includes Hunan, Sichuan, Guizhou, Yunnan, Hubei, Henan, Xizang and Chongqing.
- (4) Northern region includes Jilin, Heilongjiang, Shandong, Gansu, Liaoning, Hebei, Shanxi, Shaanxi, Inner Mongolia, Ningxia, Qinghai, Beijing, Tianjin and Xinjiang.

附註：

- (1) 東部包括江蘇、浙江、安徽、江西及上海。
- (2) 南部包括福建、廣東、海南及廣西。
- (3) 西部包括湖南、四川、貴州、雲南、湖北、河南、西藏及重慶。
- (4) 北部包括吉林、黑龍江、山東、甘肅、遼寧、河北、山西、陝西、內蒙古、寧夏、青海、北京、天津及新疆。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

In order to further promote the brand awareness and the professional image of products, the Group's distributors have opened flagship stores in core markets across the country. Four flagship stores were opened during the year, which are located in the shopping path of Wuhan and Shenyang, Nanjing Road and Nanjing Road East of Shanghai respectively. The Group has strategically selected locations with the largest amount of consumer-flow for the opening of flagship stores to boost the awareness by setting up extensive outdoor billboards. Besides, the Group has endeavoured to promote the fifth generation authorised store to demonstrate ANTA's new image. As at 31 December 2007, 1,082 stores of the fifth generation authorised stores have been opened which enhanced our brand image.

In order to motivate our distributors to open sizable ANTA retail outlets at favorable locations and increase sales of individual stores, the Group has offered discounts on ex-factory prices and subsidies on display and promotional materials under a stratified management system with reference to annual sales, the ratios of self-owned stores and first-tier stores (referring to stores with a sales floor area of 120 sq.m. or above). Meanwhile, the Group has strictly examined the area, locations, sales floor area and targeted annual sales of the stores opened by distributors. The stores should also be decorated in accordance with the brand image of the Group.

The Group has strengthened the quality of customer service by establishing "ANTA College" which trains the application of product knowledge and store display of products among distributors and retailers for each quarter, where the sales management team and the retail sales persons are trained. Four national retail training camps have been organised during the year. The Group has published "ANTA Retail Management Booklet", "Guidelines of Display" to facilitate a deeper understanding of store display among retail sales persons so that the image of stores can be improved and the sales for the stores can be strengthened. These measures have effectively increased the desirability of ANTA brand and raised its products' competitiveness.

The Group has expedited its progress of connecting the information system among points of sales. The number of retail outlets linking up with the information system increased to 2,100. This has enabled the Group to promptly and effectively analyze these significant figures so as to provide basis for better decision making in operations, reinforced the capability of inventories transfer among distributors and supervision and improved the mutual communication between retail outlets and the Group.



為提高品牌認知度及產品的專業形象，本集團透過旗下分銷商在國內核心市場開設旗艦店。本年度共開設四間旗艦店，分別位於武漢及瀋陽的步行街、上海的南京路及南京東路。本集團有策略地選擇在人流最旺的地點開設旗艦店，配以大型戶外廣告，加強宣傳效果。另外，本集團積極推廣第五代形象店，展示安踏新形象。截至二零零七年十二月三十一日共開設1,082間第五代形象店，提升品牌形象。

為了鼓勵我們的分銷商在有利地點開設大規模的安踏零售門市，增加單店銷售，本集團對分銷商採取分級管理制，按年銷額、自營店比例、一級店鋪比例（一級店鋪指銷售面積達120平方米或以上）給予分銷商出廠價優惠及零售網點裝修費的補貼。同時，本集團嚴格審批分銷商開設新店的地點、位置、銷售面積、目標年銷額，並需依照本集團的品牌方向為店鋪裝修。

本集團致力提升客戶服務質素，加強分銷商及終端網點對每季產品知識和陳列設計的運用，特別設立「安踏學院」，培訓銷售管理團隊及終端員工，於期內組織四次全國性的零售訓練營及發放「安踏零售管理手冊」、「陳列指引手冊」等教材，提高員工對店鋪陳設的瞭解，提升店鋪銷售業績，配合其他各項提升店鋪形象的舉措，有效地提升安踏品牌的美譽度，令安踏品牌產品更有競爭力。

本集團繼續增加對銷售終端的信息化覆蓋率，聯網的銷售網點上升至2,100間，令本集團更及時、有效地分析這些代表性數據，為經營提供更好的決策依據，加強調整存貨能力及監管能力，促進與終端網點的雙向溝通。





# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### *ANTA Brand in overseas market*

Expansion to the overseas markets is a strategic development of the Group. The Group has endeavored to increase its penetration in the international market. Designers from Southeast Asia, Europe and Middle East were specifically appointed by the Group to establish an overseas design team, for designing sportswear products of overseas customers which can fit with them. ANTA products are highly competitive and have received high popularity in the overseas markets. As at 31 December 2007, 20 retail outlets and more than 100 concessionary counters have been set up in Southeast Asia and Eastern Europe by the Group's overseas distributors. The average sales floor area of the stores reached 84 sq.m. The Group also launched TV commercials,



*ANTA retail outlet in Singapore*  
於新加坡的安踏品牌零售店鋪

### *安踏品牌在海外市場*

本集團視海外市場為策略性發展行為，致力增加海外市場滲透率。本集團特別聘請東南亞、歐洲及中東當地的設計專家，設立海外設計隊伍，為海外消費者設計附合其體型的運動用品。安踏品牌產品富競爭力，受海外市場歡迎。截止二零零七年十二月三十一日，本集團的海外分銷商在東南亞及東歐共開設20家零售店鋪及超過100個專櫃，店鋪的銷售平均面積達84平方米。同時，本集團在海外投放電視廣告、戶外廣告及公關宣傳的策略，並與當地代理商共同贊助兩隊「菲律賓籃球職業聯賽」隊伍及簽下當地聯賽的MVP(最佳球員)，在新加坡舉辦「三對三街頭籃球」，結合其他營銷傳播策略，讓更多海外消費者認識安踏品牌。



*ANTA retail outlet in Vietnam*  
於越南的安踏品牌零售店鋪

outdoor billboards, public relations promotional strategies in overseas markets. The Group also has sponsored two teams in the "Philippines Basketball Association" and their MVP together with the distributors in the Philippines. Together with other integrated sales and marketing strategies, "Three-on-three Street Basketball" was launched in Singapore to boost overseas awareness of ANTA brand.



*ANTA retail outlet in the Philippines*  
於菲律賓的安踏品牌零售店鋪



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### Retail Business for International Branded Sportswear Products

The Group made an entry into the retail business of international branded products in early 2007 by setting up wholly-owned subsidiaries engaged in expanding and managing channels for retail operations in six cities, including Shanghai, Suzhou, Beijing, Guangzhou, Harbin and Xiamen respectively. It has managed a total of 172 retail outlets under adidas, Reebok and Kappa brands. In order to elevate the brand image and awareness, the Group has established 3 sports retail complexes to engage in retailing sportswear of ANTA, adidas, Reebok, Kappa as well as sportswear distributed by other brands. Leveraging the retail business, the Group has kept a grasp on domestic retail business and attained a platform for collecting direct consumers' feedback and evaluating the effect of sales and marketing. Apart from strengthening the business integration of the Group, its market penetration had been effectively increased.

The following table sets out the development of distribution channel for retail business of international branded products:

		As at 31 December 2007 截止二零零七年 十二月三十一日 (no. of retail outlets) (零售店鋪數目)	As at 30 June 2007 截止二零零七年 六月三十日 (no. of retail outlets) (零售店鋪數目)
adidas	阿迪達斯	93	42
Reebok	銳步	56	24
Kappa	卡帕	23	12
<b>Total</b>	<b>合計</b>	<b>172</b>	<b>78</b>



### 國際品牌體育用品零售業務

本集團於二零零七年初進軍國際品牌體育用品零售市場，分別於上海、蘇州、北京、廣州、哈爾濱及廈門六個城市設立從事零售業務的渠道拓展及管理的全資附屬公司，管理旗下阿迪達斯、銳步及卡帕共172間零售店鋪。為提升(鋒線)品牌形象及認知度，本集團於上海及江蘇的黃金地段開設共3家運動城，出售包括安踏、阿迪達斯、銳步、卡帕及其他品牌的體育用品。零售業務有助本集團增加對國內零售業務的掌握，直接收集消費者意見測試營銷活動效果的平台，加強本集團的業務整合能力，有效地增加本集團的市場滲透率及影響力。

下表為國際品牌零售業務分銷渠道發展情況：

	As at 31 December 2007 截止二零零七年 十二月三十一日 (no. of retail outlets) (零售店鋪數目)	As at 30 June 2007 截止二零零七年 六月三十日 (no. of retail outlets) (零售店鋪數目)
adidas	93	42
Reebok	56	24
Kappa	23	12
<b>Total</b>	<b>172</b>	<b>78</b>



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Quality Control

The Group always orientates ourselves towards the norm of quality by providing high quality sportswear products for consumers. Under our “Management procedures on quality management of products”, the Group sampled and verified fabrics as well as finished goods of sportswear and footwear. Moreover, the Group has carried out on-site examination of products at factories and suppliers’ production facilities. All products are required for testing and verification on relevant functions such as ventilation, moisture permeability, slip resistance and wear resistance prior to introduction, alongside constant refinement so as to satisfy with the consumers’ needs. ANTA brand has reached the apex of quality under industrial standards and received recognitions from institutional examination authorities of the State:

- The Group’s ANTA sports footwear passed the “ISO 9001 quality control certification”.
- The Group’s ANTA sports footwear was awarded the title of “State-designated Products Exempted from Quality Surveillance Inspection” by General Administration of Quality Supervision, Inspection and Quarantine of the PRC since 2003.
- The Group was elected as the Secretary-General of “Technical Committee of Standardized National Sportswear” to assist in formulating the quality standard of sportswear products.

### Research and Development and Design of Products

Research and development represents an important measure to establish professional image of the Group’s products and a proactive strategy to cope with industry competitions. The Group dedicated to improve its capability of research and development. During the year, the research and development expenditure increased from 0.5% at 31 December 2006 to 2.3% (as a percentage of cost of sales) at 31 December 2007. 1,000 new footwear styles, 1,700 new apparel styles and 2,000 new accessory styles were introduced to the market by the Group. As early as 2005, the Group has established the first domestic “Sports Science Laboratory” in China and applied advanced testing equipments and evaluation systems to design distinctive products for professional athletes and the public. During the year, the Group collaborates with international design, research and development institutions from Japan, U.S., Italy, Belgium and Hong Kong. The Group sets up design teams in the headquarters, Beijing and Guangzhou specialized in designing products for ANTA brand and tailor-made products for sponsored athletes and leagues.



### 質量監控

本集團一直堅守質量至上的理念，為消費者提供優質的運動用品。本集團實施「產品質量管理規程」，抽樣驗證布料、服裝成品及鞋類成品，到工廠及供貨商生產設施現場驗貨。產品在推出前需經過透氣、透濕、防滑、耐磨等相關功能的驗證評審，不斷改良產質量素以滿足消費者的需求。安踏產品質量在行業標準享有領先地位，獲國家權威檢測機構認可：

- 本集團通過「ISO 9001質量管理體系認證」。
- 本集團的安踏旅遊鞋自二零零三年起獲得中國國家質量監督檢驗檢疫總局評為「國家免檢產品」。
- 本集團於二零零七年四月三日獲選為「全國體育用品標準化技術委員會」副秘書長單位，協助制定體育用品質量的標準。

### 產品研發和設計

產品研發是本集團建立產品專業形象及積極面對行業競爭的重要舉措，本集團致力提升研發能力，期內，研發費用由二零零六年十二月三十一日的0.5%增至二零零七年十二月三十一日的2.3%（按銷售成本計算），本集團於市面上推出1,000款新鞋、1,700款新服裝及2,000款新配式。早於二零零五年，本集團已成立國內首家「運動科學實驗室」，以先進的測試設備及評估系統為專業運動員及大眾設計優質產品。本年度，本集團分別與日本、美國、意大利、比利時、香港及其他國際性設計及研發機構合作，並在本集團總部、北京及廣州設有產品設計部，負責設計安踏品牌產品及用於贊助運動員和賽事的產品。





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

In collaboration with a design team led by the world renowned sports footwear technological designer Bill Peterson, the Group will design a series of shoes specifically for 2 NBA players. Bill Peterson has over 25 years of technological experience in the research and development domain of the functions and technologies of professional sports footwear. For years, he has devoted to develop shock absorption for sports footwear. He has realized and marketed the “Nike Air” technology. Under his navigation, his team designed “Nike Air Force 1”. He also provides strategic counseling in various aspects such as product design, research and development and market expansion for a number of renowned brands.

### Significant Measures on Research and Development and Design of Products:

- Set up “Database of CBA players” to analyze the correlation between feet’s size of professional athletes, frequency of sports activities and the conformation of shoes, so as to render better data support in terms of comfortableness and safety.
- Developed “scientific functions of apparels” to reinforce the capability of water-resistance, moisture-permeability, moisture-absorption, quick-drying capability, three kinds of resistance (water-resistance, oil-resistance, dirt-resistance), thermal-conductivity, antistatic-ability, anti-UV and cooling materials for apparel products.
- Developed “scientific functions of footwear” to elevate the capability of anti-limp, power revolve shaft, stabling structure for mid sole support, fix-up system for upper and back sole, ankle-wrap technology and elasticity of footwear.
- Escalated the technology of “A-Core technology” to “A-Core II technology”, with integration of compound shock-resistant system comprised of special shock-resistant materials and a chemical shock-resistant structure. The system is capable of withstanding concussion whilst offering excellent cushion and protection for ankles.



本集團與國際著名的運動鞋科技設計師比爾•彼德森(Bill Peterson)為主的設計團隊合作，為2位NBA球員設計專屬的籃球鞋系列。比爾•彼德森在專業運動鞋功能科技的研發領域累積超過25年的技術經驗，多年來致力研究運動鞋的減震技術，他開創了「Nike Air」技術的可行性及市場化，同時他領導的團隊設計出「Nike Air Force第一代」，亦為許多知名集團承擔產品設計、研發、市場拓展等層面的戰略諮詢。

### 產品研發及設計重要舉措如下：

- 建立「CBA專業籃球運動員數據庫」，分析專業運動員的腳型、運動情況及鞋構造的關係，為合腳舒適性及安全性提供更好的數據支持。
- 開發「服裝實現科技功能」，增強服裝防水透濕、吸濕速乾、三防(防水、防油、防污)、防寒保暖、抗靜電、抗UV、冰膚的能力。
- 開發「鞋類實現科技功能」，增強鞋類產品防側拐、動力旋轉軸、中底支撐穩定結構、前後套穩定系統、抱緊技術、彎折的能力。
- 提升「A-Core芯技術一代」科技至「A-Core II芯技術二代」，結合特殊減震材料及物理減震結構組合的複合避震系統，在承受衝擊力時，為腳後跟提供優良緩衝，有效的保護腳跟。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Vertical Integrated Production Model Increasing Flexibility of Production

The Group continues to expand its production scale in order to produce high quality products at competitive cost. During the year, the Group has operated 15 footwear production lines and 1 shoe sole factory in Jinjiang, 1 apparel production base in Changting (commenced production in May 2007) and 1 apparel production base in Xiamen (commenced production in July 2007), has enhancing the Group's self-production capability. The Group also implemented an industrial engineering system to analyze and stream line its current production processes so as to cater for the increasing demand of goods. As at the end of 2007, the Group has produced 11.4 million pairs of footwear and 1.0 million pieces of apparel. The proportions of self-produced footwear and apparel were 62.5% (2006: 75.4%) and 4.3% (2006: nil) respectively for 2007.

The Group believed that its self-owned production facilities brings economy of scale to the Group and enhances our bargaining power to obtain volume discount. Meanwhile, self production capability has allowed the Group to make prompt response to market changes, and shorten the lead time from product design, trade fairs to sales. To be more responsive to changes of consumers' tastes, the Group has launched 5 sizable trade fairs.

To strengthen the supply chain management, the Group established a stratified management system of suppliers comprised of 3 categories, namely strategic partners, long-term partners and short-term partners. Quarterly review is conducted so as to boost suppliers' performance. The Group is going to establish "suppliers' performance management system" and "suppliers' incentive system", which further encourage suppliers to improve performance spontaneously.



### 垂直整合生產模式提升生產靈活性

本集團繼續擴大生產規模，以具競爭力的成本生產高檔次的優質產品。本年度，本集團於晉江共有15條鞋類生產線及1個鞋底廠、長汀的服裝生產基地（於二零零七年五月份投產）、廈門的服裝生產基地（於二零零七年七月投產），加強了本集團的自產能力。實施工業工程系統以分析及精簡現有生產過程，積極配合產品增長的需求。截止二零零七年底，本集團共生產11.4百萬對鞋類製品、1.0百萬件服裝，鞋服自產比例分別為62.5%（二零零六年：75.4%）和4.3%（二零零六年：無）。

本集團相信自有產能增強帶來規模經濟效益，及提升議價能力和大量採購的折扣。同時，自有產能增加本集團對迅速回應市場變化的能力，縮短產品開發至訂貨會至市場的周期。期內，本集團已舉辦5次大型訂貨會，為消費者喜好變化作出更佳反應。

為加強供應鏈管理，本集團建立供貨商分級管理機制，將供貨商分為三個層次，即：戰略合作夥伴、長期合作夥伴和臨時合作夥伴，按季作出評估層級，提升供貨商的表現。本集團將建立「供貨商績效管理制度」及「供貨商激勵制度」，鼓勵供貨商自發提升績能。

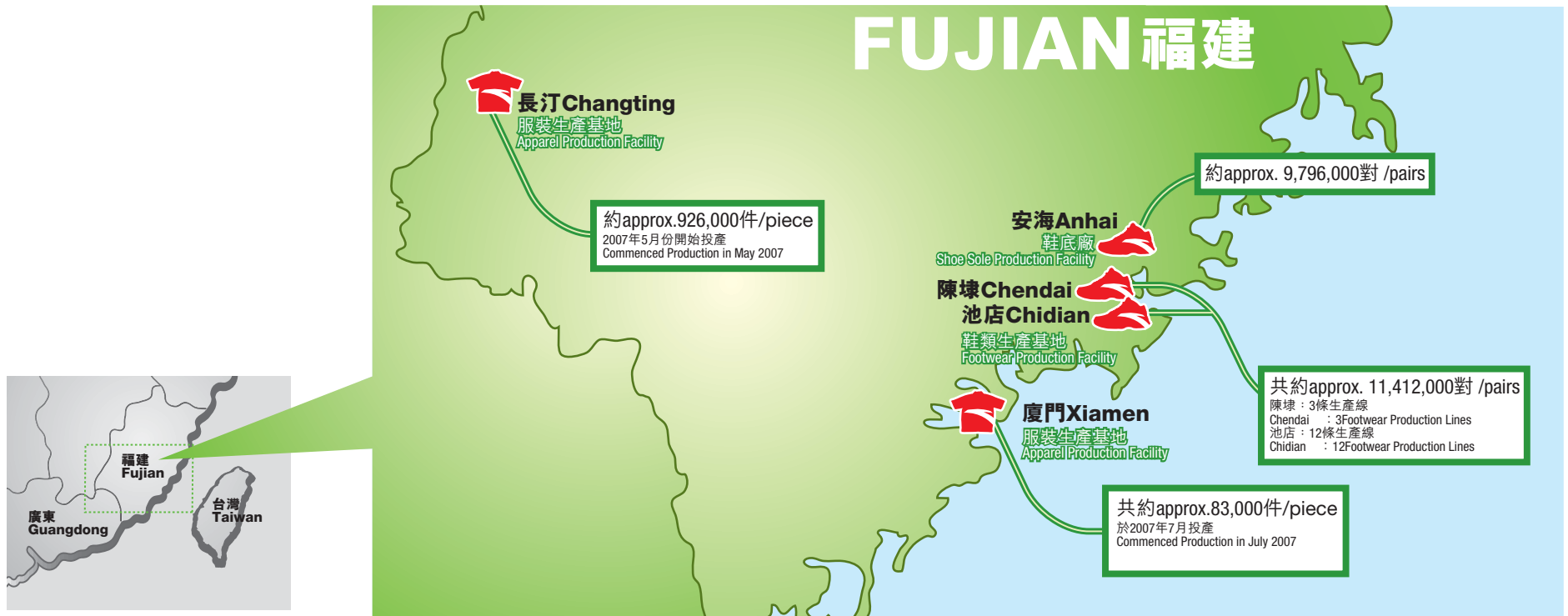


# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The following graph sets out the geographical location of production facilities and the quantity produced in house until 31 December 2007:

下圖為生產基地位置及截至二零零七年十二月三十一日已生產的數量：





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### FINANCIAL REVIEW

#### Turnover by products and brands

The following table sets out the contribution of the turnovers from ANTA brand and international brands (adidas, Reebok and Kappa) by product categories for the year:

### 財務回顧

#### 按產品及品牌劃分營業額

下表按產品類別劃分年內來自安踏品牌及國際品牌(阿迪達斯、銳步及卡帕)的營業額:

		Years ended 31 December 截至十二月三十一日止年度				
		2007 二零零七年	% of total turnover 佔總營業額 百分比	2006 二零零六年	% of total turnover 佔總營業額 百分比	Changes (in %) 變幅 (百分比)
		(RMB'million) (人民幣百萬元)		(RMB'million) (人民幣百萬元)		
ANTA brand (Wholesale)	安踏品牌(批發)					
Footwear	鞋類	1,606.7	50.5	797.7	63.8	101.4
Apparel	服裝	1,263.4	39.7	409.9	32.8	208.2
Accessories	配飾	118.6	3.7	42.5	3.4	179.1
		<b>2,988.7</b>	<b>93.9</b>	<b>1,250.1</b>	<b>100.0</b>	<b>139.1</b>
International brands (Wholesale)	國際品牌(批發)					
Footwear	鞋類	25.3	0.8	n/a不適用	n/a不適用	n/a不適用
Apparel	服裝	29.3	0.9	n/a不適用	n/a不適用	n/a不適用
Accessories	配飾	2.6	0.1	n/a不適用	n/a不適用	n/a不適用
		<b>57.2</b>	<b>1.8</b>	<b>n/a不適用</b>	<b>n/a不適用</b>	<b>n/a不適用</b>
International brands (Retail)	國際品牌(零售)					
Footwear	鞋類	51.2	1.6	n/a不適用	n/a不適用	n/a不適用
Apparel	服裝	78.8	2.5	n/a不適用	n/a不適用	n/a不適用
Accessories	配飾	6.5	0.2	n/a不適用	n/a不適用	n/a不適用
		<b>136.5</b>	<b>4.3</b>	<b>n/a不適用</b>	<b>n/a不適用</b>	<b>n/a不適用</b>
Overall	整體					
Footwear	鞋類	1,683.2	52.9	797.7	63.8	111.0
Apparel	服裝	1,371.5	43.1	409.9	32.8	234.6
Accessories	配飾	127.7	4.0	42.5	3.4	200.5
		<b>3,182.4</b>	<b>100.0</b>	<b>1,250.1</b>	<b>100.0</b>	<b>154.6</b>



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### ANTA brand

ANTA brand experienced an increase of 139.1% in revenue in 2007. In 2006, the Group had approximately 17.8% of the total sales from selling products to individual customers and department stores directly. The current business model was formed in the second half of 2006 in which the Group assigned individual customers and department stores to distributors. Since then, the Group has focused more on brand building, product offering, distribution channel planning and supply chain management. Under the new business model, the sales in 2007 experienced significant growth compared to 2006.

Apparel/accessory's share in sales for ANTA brand increased from 36.2% in 2006 to 46.2% in 2007 while the share of footwear sales for ANTA brand decreased from 63.8% in 2006 to 53.8% in 2007. This is in line with the Group's strategy to develop product diversity and to balance the weighting of footwear and apparel/accessory sales. ANTA footwear is relatively durable and insensitive to seasonal factors but the apparel/accessory segment will have a higher growth rate as consumers tend to shop these products by season in contrast. Besides, the development of the apparel/accessory segment is backed by our strategies in raising the average sales floor area per store and also the retail network development, making more display zone for apparel products.

### International brands

The Group's distribution (retail and wholesale) of the sportswear products of international brands, including adidas, Reebok and Kappa, is conducted by Shanghai Fengxian Sporting Goods Development Limited ("Shanghai Fengxian") and its subsidiaries. The wholesale of international branded sportswear products was relatively small in scale. The retail business has achieved a result, in terms of turnover, better than our expectation and the Group will continue to develop the retail network and keep track with this business segment.



### 安踏品牌

本年度，安踏品牌的收入增加139.1%。於二零零六年，本集團仍有17.8%銷售收入來自向個人顧客及百貨店出售貨品。現在的業務模式於二零零六年下半年成形，本集團將個人顧客及百貨店的業務轉給分銷商管理。自此，本集團更為着重品牌建立、產品種類、分銷渠道規劃及供應鏈管理。因而在新業務模式底下，二零零七年的銷售與二零零六年相比呈現高增長。

安踏品牌的服裝／配飾銷售的比例由二零零六年的36.2%增至二零零七年的46.2%，而安踏品牌的鞋類銷售的比重則由二零零六年的63.8%減至二零零七年的53.8%。此變化與本集團發展多元化產品及平衡鞋類與服裝／配飾銷售的策略一致。原因是安踏鞋類產品相對耐用，季節性因素較弱，而消費者會每季購買服裝／配飾產品會令有關產品佔比提高。此外，平均每店銷售面積提升及網點分佈策略亦為服裝／配飾產品的發展提供支援和展示空間。

### 國際品牌

本集團國際品牌（包括阿迪達斯、銳步及卡帕）體育用品的分銷業務（零售及批發）由上海鋒線體育用品發展有限公司（「上海鋒線」）及其附屬公司進行，國際品牌體育用品批發業務比重較少。零售業務的營業額業績較本集團的預期理想，本集團將繼續發展零售網絡，並密切注視這業務動態。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Total units sold and analysis of average selling prices/costs

The following table sets out the number of units and the average selling prices/costs of footwear and apparel sold under ANTA brand for the year:

### 銷售總數量及平均售價／成本分析

下表載列年內安踏品牌的鞋類及服裝的已售單位數目及平均售價／成本：

		Years ended 31 December 截至十二月三十一日止年度								
		2007 二零零七年			2006 二零零六年			Changes 變幅		
	Total units sold 已售單位總數 (thousand) (千)	Average selling prices 平均售價 (RMB) (人民幣元)	Average cost 平均成本 (RMB) (人民幣元)	Total units sold 已售單位總數 (thousand) (千)	Average selling prices 平均售價 (RMB) (人民幣元)	Average cost 平均成本 (RMB) (人民幣元)	Total units sold 已售單位總數 (in %) (百分比)	Average selling prices 平均售價 (in %) (百分比)	Average cost 平均成本 (in %) (百分比)	
ANTA brand (Wholesale)	安踏品牌(批發)									
Footwear	鞋類	18,262	88.0	58.6	11,731	68.2	51.2	55.7	29.0	14.5
Apparel	服裝	23,580	53.6	35.6	8,826	46.6	34.8	167.2	15.0	2.3





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Notes:

- (1) We have not included details of the number of units sold and the average selling price 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 would not be meaningful.
- (2) Average selling prices represent the turnover for the year divided by the total units sold for the year.
- (3) We have not included details of the business of international branded products. The calculation of average selling prices and costs for wholesale of international brands sportswear products would not be meaningful as the business scale is relatively small.

The significant increase in average selling prices was mainly contributed by the following factors:

- Continuous growth of China economy and consumption level supported by the increase in disposable income and consumers' increasing attention to sports and health products in China. This has contributed significantly to the average increase in our suggested retail prices;
- Product mix shift towards higher-end new products with improved quality and functions; embedded with better technology which brings higher average selling prices;
- The strengthening of brand recognition of ANTA products and more supports and services to the distributors have contributed to the increase in negotiating leverage against the distributors. As a result, the ex-factory prices have been adjusted upwards.

### 附註：

- (1) 由於配飾產品種類繁多，且單位價格差別甚大，故本集團沒有列出配飾產品的已售單位數目及平均售價詳情。本集團認為此產品類別以單位作分析不具意義。
- (2) 平均售價以年內銷售除以年內已售單位總數計算。
- (3) 國際品牌產品業務的詳情沒有列出。由於國際品牌體育用品批發的業務規模相對較小，故計算其平均售價及成本不具意義。

平均售價顯著上升主要由以下因素促成：

- 在中國，可支配收入及消費者對體育用品的興趣同時增加，一直推動中國經濟及體育用品的消費水平持續增長，為本集團建議零售價平均有所增長的重要因素；
- 產品組合轉向質素及功能更佳；科技含量較高而檔次及平均售價更高的新產品；及
- 安踏產品的品牌認知度提升，加上分銷商獲本集團提供更多支援及服務，令本集團與分銷商議價時更具優勢，出廠價也因此而上調。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The significant rise in quantities demanded by the distributors was mainly contributed by the following factors:

- Upgrade of brand and store image, moving to prime locations are crucial factors for improving the quality of the distribution network and for creating opportunity of further expansion of the distribution network like a radial effect to other potential markets. During the year, the number of stores and the total sales floor area have been increased and distributors equipped with better inventory management skill. As a result, quantities ordered by the distributors increased significantly;
- The Group has developed wide-ranged product offerings, such as increase in proportion of apparel offerings to meet the market differentiation;
- High responsiveness to the market demand is also an important factor to fill up the increasing market demand in a relatively short period of time. The Group's own production facilities can complete an order within 25-30 days after it was placed.

分銷商購貨數量顯著上升主要由以下因素促成：

- 品牌及店鋪形象提升，搬遷至黃金地段，是提升分銷網絡質素及以輻射作用般進一步拓展分銷網絡至其他有潛力的市場的機遇的關鍵因素。年內分店數量和銷售面積增加；分銷商對貨品管理能力提高，因此，分銷商訂購的數量大幅上升；
- 本集團已開發出種類齊備的產品組合如服裝的佔比上升，足以符合市場的不同需要；
- 迅速回應市場需要亦為在相對短時間內滿足日益增長的市場需求的重要因素。本集團的自營生產設施可於收到訂單後25至30日內完成訂單。



# Management Discussion and Analysis

## 管理層討論及分析 *Continued* 續...

### Turnover breakdown by regions and brands

The following table sets out the contribution of the turnovers from ANTA brand and international brands (adidas, Reebok and Kappa) by regions for the year:

### 按地區及品牌劃分營業額

下表按銷售地區劃分年內來自安踏品牌及國際品牌(阿迪達斯、銳步及卡帕)的營業額:

		Years ended 31 December 截至十二月三十一日止年度				
		2007 二零零七年	% of total turnover 佔營業額的 百分比	2006 二零零六年	% of total turnover 佔營業額的 百分比	Changes 變幅 (in %) (百分比)
		(RMB'million) (人民幣百萬元)		(RMB'million) (人民幣百萬元)		
ANTA brand (Wholesale)	安踏品牌(批發)					
Eastern region	東部	869.4	27.3	327.5	26.2	165.5
Southern region	南部	892.6	28.0	344.0	27.5	159.5
Western region	西部	665.7	20.9	264.4	21.2	151.8
Northern region	北部	535.3	16.8	314.2	25.1	70.4
International markets	國際市場	25.7	0.8	n/a不適用	n/a不適用	n/a不適用
		<b>2,988.7</b>	<b>93.9</b>	<b>1,250.1</b>	<b>100.0</b>	<b>139.1</b>
International brands (Wholesale)	國際品牌(批發)	57.2	1.8	n/a不適用	n/a不適用	n/a不適用
International brands (Retail)	國際品牌(零售)	136.5	4.3	n/a不適用	n/a不適用	n/a不適用
		<b>3,182.4</b>	<b>100.0</b>	<b>1,250.1</b>	<b>100.0</b>	<b>154.6</b>

#### Notes:

- Eastern region includes Jiangsu, Zhejiang, Anhui, Jiangxi and Shanghai.
- Southern region includes Fujian, Guangdong, Hainan and Guangxi.
- Western region includes Hunan, Sichuan, Guizhou, Yunnan, Hubei, Henan, Xizang and Chongqing.
- Northern region includes Jilin, Heilongjiang, Shandong, Gansu, Liaoning, Hebei, Shanxi, Shaanxi, Inner Mongolia, Ningxia, Qinghai, Beijing, Tianjin and Xinjiang.
- International markets include Singapore, the Philippines, Vietnam, Serbia, Hungary and Kuwait.
- Retails business for international branded sportswear products operates in six cities, including Shanghai, Suzhou, Beijing, Guangzhou, Harbin and Xiamen.

#### 附註:

- 東部包括江蘇、浙江、安徽、江西及上海。
- 南部包括福建、廣東、海南及廣西。
- 西部包括湖南、四川、貴州、雲南、湖北、河南、西藏及重慶。
- 北部包括吉林、黑龍江、山東、甘肅、遼寧、河北、山西、陝西、內蒙古、寧夏、青海、北京、天津及新疆。
- 國際市場包括新加坡、菲律賓、越南、塞爾維亞、匈牙利及科威特。
- 國際品牌體育用品零售業務於六個城市運營，包括上海、蘇州、北京、廣州、哈爾濱及廈門。

The turnover in the eastern, southern and western regions for the year increased primarily due to our success in penetrating and building our brand recognition in the first tier cities and expansion in distribution network through increasing promotional and marketing activities. Our turnover in the northern region remained relatively stable compared to turnover in 2006 because the distribution network in the northern region is under consolidation.

東部、南部及西部的營業額於年內增加，主要原因是本集團成功進軍一級城市，並擴展分銷網絡，亦更著重透過進行宣傳及市場推廣活動成功在該等地區建立品牌認知度。本集團北部的營業額與二零零六年的營業額比較相對穩定，原因是北部地區的分銷網絡仍在進行整合中。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

In 2006, sales to overseas customers were incidental. Since the first half of 2007, the Group has been more active in overseas distribution network, by supplying products through reliable domestic import and export companies to overseas distributors who have to fulfil ANTA's standards of being our distributors and of store image, and has achieved a promising result. The Group will monitor the status of overseas market and strengthen the support to overseas distributions, so as to steadily expand the sales network.

於二零零六年，向海外客戶進行銷售僅屬偶發性質。自從二零零七年上半年起，本集團在海外分銷網絡方面更為進取主動，透過可靠的國內進出口貿易公司供貨給符合安踏分銷商標準和零售店形象標準的海外分銷商，且錄得有前景的成績。本集團會關注海外市場情況，加強對海外分銷商的支援，穩定地擴展網絡。

The following table sets out the average contribution of turnover per store and per sq.m. of sales floor area:

下表列出平均每店銷售及平均每平方米銷售面積所產生的銷售：

		At 31 December 2007 於二零零七年十二月三十一日				Year ended 31 December 2007 截至二零零七年十二月三十一日止年度				
		Total sales floor area	Average sales floor area per store	Weighted average no. of stores	Weighted average total sales floor area	Weighted average sales floor area per store	Turnover	Weighted average sales contribution per stores (at ex-factory prices) 加權平均 每店銷售 (按出廠價) (RMB) (人民幣元)	Weighted average sales contribution per sq.m. (at ex-factory prices) 加權平均 每平方米 銷售(按出廠價) (RMB) (人民幣元)	
No. of stores		(in sq.m.) (平方米)	(in sq.m.) (平方米)		(in sq.m.) (平方米)	(in sq.m.) (平方米)	(RMB'million) (人民幣百萬元)			
店鋪數目		總銷售面積 (平方米)	平均每店 銷售面積 (平方米)	加權平均 店鋪數目	加權平均總 銷售面積 (平方米)	平均每店加權 平均銷售面積 (平方米)	營業額 (人民幣百萬元)	加權平均 每店銷售 (按出廠價) (RMB) (人民幣元)	加權平均 每平方米 銷售(按出廠價) (RMB) (人民幣元)	
ANTA brand (wholesale)	安踏品牌(批發)									
Eastern region	東部	1,392	114,279	82	1,293	95,509	74	869.4	672,390	
Southern region	南部	998	108,438	109	892	93,349	105	892.6	1,000,673	
Western region	西部	1,067	99,788	94	982	82,796	84	665.7	677,902	
Northern region	北部	1,259	111,338	88	1,193	95,939	80	535.3	448,701	
<b>Total</b>	<b>合計</b>	<b>4,716</b>	<b>433,843</b>	<b>92</b>	<b>4,360</b>	<b>367,593</b>	<b>84</b>	<b>2,963.0</b>	<b>679,587</b>	
		At 31 December 2006 於二零零六年十二月三十一日			Year ended 31 December 2006 截至二零零六年十二月三十一日止年度					
		4,108	328,530	80	n/a不適用*	n/a不適用*	n/a不適用*	1,250.1	n/a不適用*	
Changes (in %)	變幅(百分比)	14.8%	32.1%	15.0%				137.0%		

\* In 2006, statistics were based on the no. of stores and sales floor area at the year-end date, we believe that they are not comparable to current year's data.

\* 於二零零六年，統計資料以年末店鋪數目及銷售面積計算，本集團認為與本年數據沒有可比性。





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The number of stores increased by 14.8% in 2007, while the total sales floor area increased by 32.1% because the Group places emphasis on improving the quality of the distribution network this year by upgrading the store image, assisting distributors to set up flagship stores, relocating the stores to prime location and increasing the sales floor area in order to meet the customers' demands in the coming years. Flagship stores and improved image of store will have a radial effect to the adjacent potential markets and will enhance the customers' experience on shopping which will drive the same-store growth. The impact of this strategy can be reflected by the fact that the weighted average sales contribution per store (at ex-factory prices) and the weighted average sales contribution per square metre of sales floor area (at ex-factory prices) for 2007.

### Cost of sales breakdown by production and procurement

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

二零零七年全年店鋪數目增加14.8%，總銷售面積上升達32.1%。這是因為本集團於年內重視提升銷售網絡的質素，包括提升店鋪形象，協助分銷商開設旗艦店，將店鋪搬遷到黃金地段和增加銷售面積，以應付來年的消費需求。旗艦店及優化的店鋪形象會產生輻射作用到鄰近有潛力的市場和增加消費者的購物意欲，從而提高同店增長。這個策略最能在二零零七年的加權平均每店銷售（按出廠價）和加權平均每平方米銷售（按出廠價）上體現。

### 按生產及採購劃分銷售成本

下表按生產及採購劃分年內本集團銷售成本，以及各銷售成本佔期內總銷售成本的百分比：

		Years ended 31 December 截至十二月三十一日止年度				
		2007 二零零七年	% of total cost of sales 佔總銷售成本 百分比	2006 二零零六年	% of total cost of sales 佔總銷售成本 百分比	Changes 變幅 (in %) (百分比)
		(RMB'million) (人民幣百萬元)		(RMB'million) (人民幣百萬元)		
ANTA brand	安踏品牌(批發)					
Self-production	自行生產					
Raw materials	原材料	457.6	21.5	294.9	31.5	55.2
Direct labour	直接工資	120.9	5.7	58.7	6.3	106.0
Overhead	間接開支	117.2	5.5	52.1	5.5	125.0
		695.7	32.7	405.7	43.3	71.5
Sub-contracting arrangement	分包安排					
Raw materials	原材料	280.0	13.2	47.0	5.0	495.7
Sub-contracting charges*	分包費用*	219.6	10.3	33.9	3.6	547.8
		499.6	23.5	80.9	8.6	517.6
Outsourced production	外包生產					
OEM	原設備製造	793.6	37.3	450.3	48.1	76.2
		1,988.9	93.5	936.9	100.0	112.3
International brands	國際品牌	138.3	6.5	n/a不適用	n/a不適用	n/a不適用
Total	合計	2,127.2	100.0	936.9	100.0	127.0



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

\* The sub-contracting charges stated in note (6) of the consolidated financial statements included raw materials processing fee, that portion of the expenses is counted as cost of raw materials in this analysis.

The Group has adopted a sub-contracting arrangement to meet the increasing demand from distributors rather than just from OEM because the Group is able to increase its lateral production capacity while maintaining control over several production processes; and grasping production cycle & product quality under the sub-contracting arrangement. The Group viewed the sub-contracting arrangement as an extension of self-production.

In self-production, change in direct labour cost is higher than that in raw material cost from 2006 to 2007, because the Group has produced more high-end products and the labour cost has increased along with the number of processes and also the overall wage level has been adjusted in order to maintain stability in manpower.

Since the apparel production facilities in Xiamen and Changting commenced operations in mid-2007, their production capacities have not been fully utilised and will have capacities for further expansion; to match up with the Group's strategy in balancing the product mix; and meet the rapid growth in demand from distributors. In addition, the additional 12 footwear production lines in Jinjiang will be ready by phases commencing in early 2008 to cater excess demand in 2008 onwards.

### Gross profit and gross profit margin breakdown by products and brands

The following table sets out the gross profit and the gross profit margin by ANTA brand and international brands (adidas, Reebok and Kappa) and by product categories for the year:

		Years ended 31 December 截至十二月三十一日止年度				
		2007 二零零七年		2006 二零零六年		
		Gross profit margin	Gross profit margin	Gross profit margin	Gross profit margin	Changes 變幅
		(in %)	(in %)	(in %)	(in %)	(in %)
		(RMB'million)	(百分比)	(RMB'million)	(百分比)	(百分比)
		(人民幣百萬元)	(百分比)	(人民幣百萬元)	(百分比)	(百分比)
ANTA brand (Wholesale)	安踏品牌(批發)	999.8	33.5	313.2	25.1	8.4
International brands (Wholesale)	國際品牌(批發)	6.3	11.0	n/a不適用	n/a不適用	n/a不適用
International brands (Retail)	國際品牌(零售)	49.1	36.0	n/a不適用	n/a不適用	n/a不適用
Overall	整體	1,055.2	33.2	313.2	25.1	8.1

\* 綜合財務報表附註(六)之分包費用包括材料加工費，而該部份費用於此分析中已納入為原材料成本。

本集團已採取分包安排以符合分銷商日益增加的需求，而非單靠原設備製造安排，原因是本集團仍可控制分包安排內多項生產工序，掌握生產週期及產品質量。本集團視分包安排為自行生產的延伸。

於自行生產中，與去年比較直接工資成本的升幅比原材料成本為高，原因是本集團生產更多高檔次產品，工資成本隨工序數量而上升；同時整體薪酬水平亦有所調整，以保障人力資源的穩定性。

由於廈門及長汀的服裝生產設施於二零零七年中方始投產，其產能仍未全面發揮，有足夠空間進一步擴充產能，以配合集團平衡各類產品銷售的策略，並迎合分銷商迅速增加的需求。此外，晉江的新12條鞋類生產線由二零零八年初起將可分段投產，以應付二零零八年起的額外需求。

### 按產品及品牌劃分毛利及毛利率

下表按產品類別劃分年內來自安踏品牌及國際品牌(阿迪達斯、銳步及卡帕)的毛利及毛利率：



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The Group's gross profit margin increased mainly due to the increase in the gross profit margin of ANTA branded products during the year. The overall gross profit margin is slightly lower than that of ANTA branded products because the gross profit margin for wholesale of international branded products is only 11.0%.

Unit costs have also increased by 14.5% for footwear products and 2.3% for apparel products due to more orders received for higher-end products of which production costs are relatively higher. However, as the average selling prices increased by 29.0% and 15.0% respectively, which are far higher than the increase in unit costs, resulting in an increase in gross profit margin for ANTA products by approximately 8.4%.

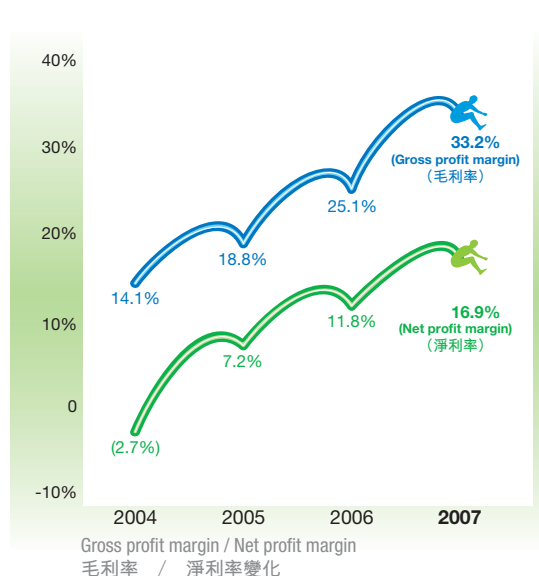
The gross profit margin achieved by the retail business of international branded products is within our expectation and rose gradually, while it normally takes some time to reach an optimal level of sales in the initial stage of a business development.

### Other revenue

Other revenue represents interest income and sales of wastage materials. The increase is mainly due to the interest income from IPO proceeds. The interest income from over-subscription monies during IPO was RMB56.9 million. The interest income from the unutilised IPO proceeds after listing was RMB66.9 million.

### Effective tax rate

The effective tax rate for the year ended 31 December 2007 was 10.2% while the rate for year ended 31 December 2006 was only 0.4%. It is because ANTA China, the main operating subsidiary of the Group, which generates significant portion of the operating profit within the Group, enjoyed a two years tax holiday in 2005 and 2006. For the three years starting from 1 January 2007, ANTA China will be subject to a 50% reduction of a state enterprise income tax rate of 24% (2008 onwards at 25%) because ANTA China is a foreign invested enterprise engaged in the manufacturing business and operates in a coastal economic open zone. The effective tax rate was slightly lower than the preferential tax rate of 12% for the year ended 31 December 2007 because interest income derived from bank deposits in Hong Kong during the year is a non-taxable income and international brands business recognised an operating loss.



本集團毛利率上升主要由年內安踏品牌產品的毛利率上升引致。整體毛利率比安踏品牌產品的毛利率略低是因為批發國際品牌產品的毛利率只有11.0%。

由於更高檔次產品的購貨量增加，而此類產品的生產成本相對較高，因此鞋類產品及服裝產品的平均成本亦分別增加14.5%及2.3%。然而，平均售價的增長分別為29.0%及15.0%，遠高於單位成本的增幅，因此安踏品牌產品毛利率增加約8.4%。

國際品牌產品零售業務錄得的毛利率處於本集團的預期範圍並逐漸提升，尤其是業務發展初期一般需要時間方可達至最佳的銷售水平。

### 其他收入

其他收入指利息及廢料銷售收入。增幅主要來自上市等集資金所產生的利息收入。其中公眾認購期間凍結資金產生之利息收入為人民幣56.9百萬元，上市後未動用之上市募集資金產生的利息收入為人民幣66.9百萬元。

### 實際稅率

截至二零零七年十二月三十一日止年度的實際稅率為10.2%，而截至二零零六年十二月三十一日止年度的實際稅率僅為0.4%。此乃由於本集團的主要營運附屬公司安踏中國於今年已進入三年的稅率減半的第一年，而於二零零五年及二零零六年享有稅務豁免所致。由於安踏中國乃從事生產業務的外資企業並於沿海經濟開放區經營，由二零零七年一月一日起計三年可享有國家企業所得稅率24%減半優惠（二零零八年後以25%計算）。截至二零零七年十二月三十一日止年度的實際稅率稍低於優惠稅率12%，原因是香港之銀行存款所產生的利息收入屬免稅收入和國際品牌業務錄得經營虧損。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

On 29 December 2006, the Standing Committee of the Tenth National People's Congress ("NPC") passed a resolution to submit the draft Enterprise Income Tax Law ("New Tax Law") to the Tenth NPC plenary session for voting. The New Tax Law was adopted on 16 March 2007. Under the New Tax Law, which will come into effect on 1 January 2008, domestic enterprises and foreign-invested enterprises that are currently entitled to preferential tax treatments may continue to enjoy those preferential tax treatments until 1 January 2013. The expected financial effect of the New Tax Law, if any, will be reflected in the Group's 2008 financial statements. The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable.

According to the notice Caishui [2008] No. 1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 earnings of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from corporate income tax. Accordingly, the retained profits for 2007 and before in the Group's foreign-invested enterprises' books and accounts will be exempted from the 5% withholding tax on any possible future distributions to the Group.

### Net profit margin

Net profit margin increased by 5.1% while the gross profit margin increased by 8.1% during the year. It is mainly due to the increase in advertising and promotional expenses, administration expenses and income tax, and the absorption of operating loss sustained by the Shanghai Fengxian group (international branded business) for the year, which amounted to RMB5.5 million.

### Dividend

The Group has not recommended an interim dividend for the year. However, the Board of the Company recommends distribution of a final dividend of HK8 cents per share in respect of the year, representing a total payout of RMB181.9 million and 33.8% distribution of the current year profit.

於二零零六年十二月二十九日，第十屆全國人民代表大會（「全國人民大會」）常務委員會通過議案，將《企業所得稅法》（「新稅法」）草案提請第十屆全國人民大會全體會議表決。新稅法於二零零七年三月十六日採納，並將由二零零八年一月一日起生效。根據新稅法，目前享有稅務優惠待遇的內資企業及外資企業可繼續享有該等稅務優惠待遇，至二零一三年一月一日為止。預期新稅法的財務影響（如有）將於本集團二零零八年財務報表內反映。頒佈新稅法預期不會對資產負債表內即期應付稅項的應計金額構成財務影響。

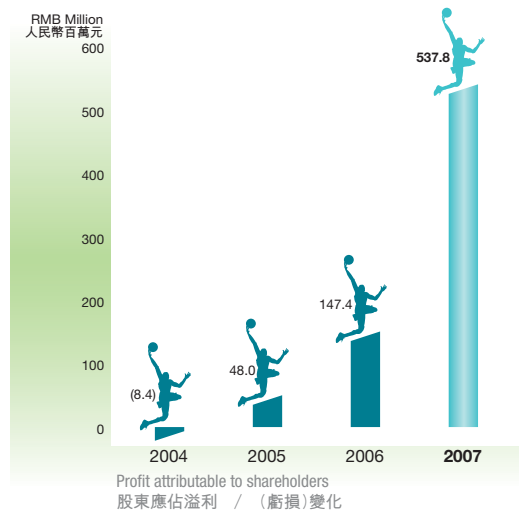
根據財政部、國家稅務局下發的財稅[2008] 1號通知，外商投資企業在二零零八年一月一日前形成的累積未分配利潤，在二零零八年以後分配給外國投資者的，免徵企業所得稅。因此，本集團的外商投資企業的帳目中二零零七年以前的未分配利潤皆可免徵按將來分配給集團5%的股息徵收預繳稅。

### 淨利率

於年內，儘管毛利率增加達8.1%，然而淨利率增長為5.1%。主要因為廣告及宣傳開支、行政開支及所得稅均有增加，以及承擔上海鋒線集團（國際品牌業務）年內的經營虧損達人民幣5.5百萬元。

### 股息

本集團本年度未有建議派發中期股息。然而，本公司董事會建議本年度派發末期股息每股港幣8分，總計股息為人民幣181.9百萬元及本年度盈利的33.8%分派。





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Assets/liabilities turnover ratio

Due to higher growth of sales achieved by the retail outlets owned or managed by the distributors, their inventory demand increased. According, distributors have settled the accounts receivable quickly to release the credit limit for despatch of goods from the Group. Also, the Group's supply chain management has been upgrading. Accordingly, the Group's average trade receivables turnover days have further improved to 15.1 days from 18.9 days, when comparing with 2006.

When comparing with 2006, the average inventory turnover days increase from 41.6 days to 50.6 days, mainly due to the production in advance to meet the delivery scheduled in January 2008.

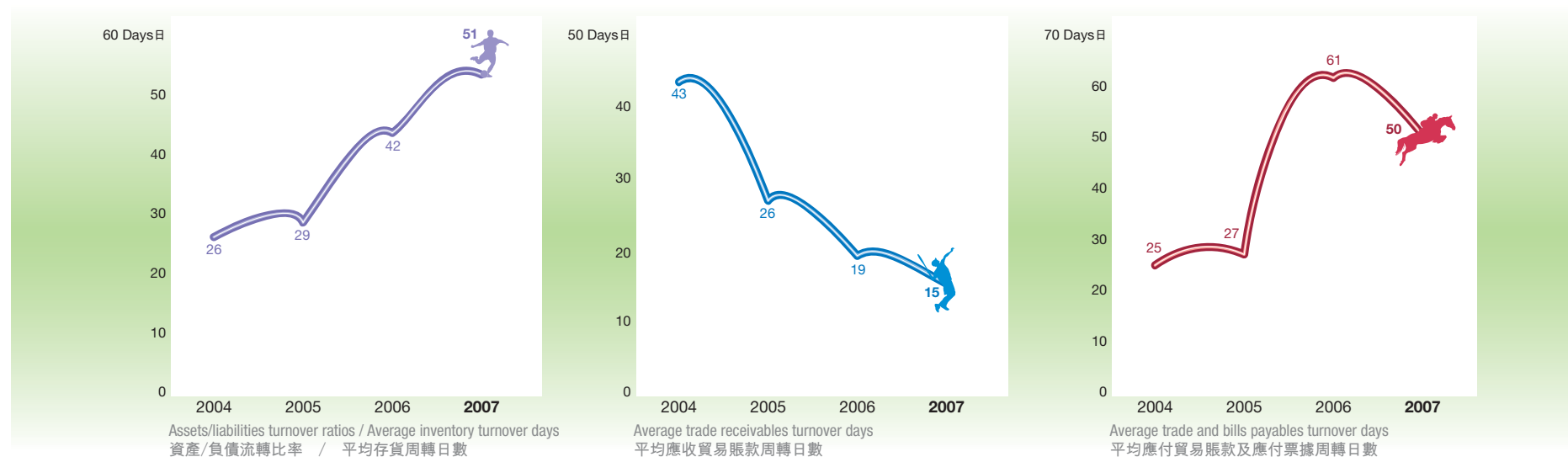
The average trade and bills payable turnover days decreased from 60.8 days to 50.2 days when comparing with 2006, because of relatively smaller portion of bills payables at 31 December 2007.

### 資產／負債流轉比率

由於分銷商自有或管理的零售店鋪錄得較高銷售增長，分銷商要求本集團提供更多貨品以滿足其需要，因此分銷商盡快回款以降低信用額度令其盡快收取貨物。此外，本集團的供應鏈管理水平亦一直提升。因此，本集團的平均應收貿易賬款周轉日數與二零零六年比較，由18.9日下降至15.1日。

平均存貨周轉日數與二零零六年比較，則由41.6日上升至50.6日，主要由於預先生產以應付安排於二零零八年一月付運之訂單。

平均應付貿易賬款及應付票據周轉日數與截至二零零六年十二月三十一日止年度的比率比較，由60.8日下降至50.2日，原因是二零零七年十二月三十一日的應付票據比重相對較小。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Liquidity and financial resources

At 31 December 2007, cash and cash equivalents of the Group amounted to RMB3,231.5 million, an increase of RMB3,055.2 million or 17.3 times as compared with the balance of RMB176.3 million at 31 December 2006. The increase was mainly due to the followings:

- Current year's profit before taxation amounted to RMB599.1 million, by excluding the interest income of RMB127.3 million and the foreign exchange adjustment of RMB106.3 million and certain non-cashflow items, operating profit for the year was RMB400.0 million. Meanwhile, a significant portion of the cash was tied up with the increase in inventories and trade and other receivables of RMB280.3 million and RMB248.2 million respectively, the effect was relieved by the increase in trade and other payables and decrease in the amounts due from related parties of RMB137.8 million and RMB51.9 million respectively. As a result, cash generated from operations was RMB64.4 million, the net cash inflow on operating activities was RMB25.9 million after the payment for taxation of RMB38.5 million.
- Cash outflow on investing activities amounted to RMB157.0 million, mainly consists of the followings: prepayments for acquiring land use right in Jinjiang, Xiamen and Quanzhou totalling RMB70.5 million; payments for acquiring property, plant and equipment of RMB87.8 million, which included footwear and apparel production facilities, together with renovation cost for international brand retail outlets; and payments for construction of factory premises in Jinjiang, Xiamen and Changting of RMB102.1 million. The effect of the above cash outflows were offset by the interest received of RMB107.4 million.
- Cash inflow on financing activities amounted to RMB3,187.0 million, mainly due to the gross proceeds from the initial public offering of HK\$3,643.2 million. After deducting the listing expenses of RMB164.2 million, net proceeds amounted to RMB3,371.5 million, which has strengthened the Group's financial positions to support brand building, development of distribution channel and so forth. On the other hand, payments for settling bank loans and advances from Controlling Shareholders of the Company amounted to RMB50.0 million and RMB74.3 million respectively; cash distributed in connection with Reorganisation was RMB37.3 million; and dividend paid was RMB21.3 million.

### 流動資金及財務資源

於二零零七年十二月三十一日，本集團的現金和現金等值總額為人民幣3,231.5百萬元，為二零零六年年末結餘人民幣176.3百萬元之17.3倍，增加了人民幣3,055.2百萬元。增加主要有以下幾個原因：

- 本年稅前利潤為人民幣599.1百萬元，撇除利息收入人民幣127.3百萬元及滙兌差異調整人民幣106.3百萬元後和一些非現金流項目，本年經營利潤為人民幣400.0百萬元。同時，有一大部分現金因存貨與應收貿易賬款及其他應收款項分別增加人民幣280.3百萬元及人民幣248.2百萬元而被佔用。另一方面，上述之影響因應付貿易賬款及其他應付款項與應收關連人士款分別增加人民幣137.8百萬元及減少人民幣51.9百萬元，從而得到舒緩。結果，經營業務產生的現款為人民幣64.4百萬元，扣除已付稅款人民幣38.5百萬元後，經營活動現金流入淨額為人民幣25.9百萬元。
- 投資活動現金流出淨額為人民幣157.0百萬元，主要有以下各項：為晉江、廈門和泉州的土地使用權預付款項共人民幣70.5百萬元；支付收購晉江、廈門和泉州的物業、廠房及設備款項共人民幣87.8百萬元，其中包括鞋服生產設施，與國際品牌零售店鋪裝修成本；及支付晉江、廈門和長汀廠房建築款項共人民幣102.1百萬元。以上所述現金流出的影響被已收取之利息人民幣107.4百萬元所抵銷。
- 融資活動現金流入淨額為人民幣3,187.0百萬元，主要來自首次公開發售股份總所得金額港幣3,643.2百萬元，扣除上市費用人民幣164.2百萬元後，淨所得額為人民幣3,371.5百萬元，此筆款項進一步鞏固本集團的財務狀況，以支持建立品牌與發展分銷渠道及零售網絡等等。另一方面，償還銀行貸款及償還股東貸款分別為人民幣50.0百萬元及人民幣74.3百萬元；重組時派給控股股東的現金部份為人民幣37.3百萬元；及已付股息為人民幣21.3百萬元。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

At 31 December 2007, total assets of the Group stood at RMB4,630.7 million of which current assets reached RMB4,135.9 million. At the same date, total liabilities were RMB480.0 million and total equity amounted to RMB4,150.7 million. There was no outstanding bank loan at 31 December 2007. Net current liabilities of RMB27.3 million at 31 December 2006 turned into net current assets of RMB3,655.9 million mainly because of the operating profit for the year and net proceeds from IPO. Total equity increased by RMB3,912.8 million which is higher than the increase in net current assets because of crediting the net profit for the year of RMB537.8 million and the capitalisation of the shareholders' loans of HK\$144.4 million (equivalent to approximately RMB141.0 million) the effect of which was offset by a deemed distribution of the equity of ANTA Fujian amounting to RMB36.2 million to a predecessor entity and exchanges difference RMB100.7 million from currency translation for financial statements. Besides, the increase of non-current assets were mainly in additions of property, plant and equipment, construction in progress and intangible assets of RMB194.0 million, and prepayment for the acquisition of land use rights of RMB70.5 million.

The average total shareholders' equity to average total assets increased from 26.8% at 31 December 2006 to 80.0% at 31 December 2007 mainly because the net proceeds from IPO have increased both the total equity and total assets significantly, and narrowed the difference between the two figures. Besides, the capitalisation of shareholders' loans and the significant increase in profit attributable to shareholders during the year also increased the ratio. As a result of the increase in average total shareholders' equity, the return on average total shareholders' equity decreased from 84.5% at 31 December 2006 to 24.5% at 31 December 2007. The return on average total assets drop slightly (22.6% at 31 December 2006 and 19.6% at 31 December 2007) mainly due to the yield from unutilised IPO proceeds is lower than the returns from operating activities.

### Application of net IPO proceeds

In July 2007, the Company issued a total of 690,000,000 shares at HK\$5.28 each for total gross proceeds of HK\$3,643.2 million. The international tranche of the IPO was approximately 135 times over-subscribed and the Hong Kong public tranche was 183 times over-subscribed.

於二零零七年十二月三十一日，本集團的資產總值維持於人民幣4,630.7百萬元，其中流動資產達人民幣4,135.9百萬元。於結算日，負債總額為人民幣480.0百萬元，而權益總額則為人民幣4,150.7百萬元。於二零零七年十二月三十一日並無未償還銀行貸款。於二零零六年十二月三十一日的流動負債淨額人民幣為27.3百萬元轉而成為流動資產淨值人民幣3,655.9百萬元的主要因為上市募集資金及年內錄得經營溢利。權益總額增加人民幣3,912.8百萬元，增加數額高於流動資產淨值的增加。原因為本年錄得淨利潤達人民幣537.8百萬元及股東貸款港幣144.4百萬元（約相當於人民幣141.0百萬元）被撥充資本後，其影響被前身實體安踏福建的被視為資本分派人民幣36.2百萬元，及財務報表換算的滙兌差額人民幣100.7百萬元所抵銷。另外，非流動資產的增加主要是新增的物業、廠房及設備和在建工程和無形資產達人民幣194.0百萬元，及預付土地使用權費用人民幣70.5百萬元。

平均股東權益總額對平均資產總額由二零零六年十二月三十一日的26.8%增加至二零零七年十二月三十一日的80.0%，主要原因為於公首次公開發售股份之淨額同時令權益總額及資產總額大幅提升，拉近兩者之差距。另外於年內將股東貸款撥充資本及股東應佔溢利大幅增加亦有提高比率之作用。由於平均股東權益總額增加，平均股東權益總額回報由二零零六年十二月三十一日的84.5%減少至二零零七年十二月三十一日的24.5%。然而，平均資產總值回報略減（於二零零六年十二月三十一日為22.6%，而於二零零七年十二月三十一日則為19.6%），主要由於年內持有資金之利息回報率比主營業務回報率為低。

### 首次公開發售所得款項用途

於二零零七年七月，本公司共發行690,000,000股每股發售價5.28港元的新普通股，所得款項總額合共3,643.2百萬港元。首次公開發售的國際部分超額認購約135倍，香港公開部分則超額認購183倍。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

The net proceeds from the IPO were approximately HK\$3,474.0 million (equivalent to RMB3,371.5 million), after deduction of related expenses. We have utilised our net proceeds from the IPO in the manner consistent with that mentioned in the Company's prospectus dated 26 June 2007 under the section headed "Use of Proceeds". As such, the net proceeds utilised for the year ended 31 December 2007 was as follows:

Use of Proceeds 所得款項用途		Net IPO Proceeds (HK\$ millions) 首次公開發售所得款項淨額 (港幣百萬元)		
		Available 可供動用	Utilised 已動用	Unutilised 未動用
Brand promotion, sponsorship and advertising	品牌推廣、贊助及廣告	1,392	155	1,237
Distribution network of international sportswear brands	國際品牌體育用品分銷網絡	696	54	642
Distribution network of ANTA brand	安踏品牌分銷網絡	557	69	488
Expansion of production facilities	生產設施的擴充	316	85	231
Development of new information management system	建立新的資訊管理系統	88	2	86
Research and development of new technology	研發新科技	88	12	76
General corporate purposes	一般公司用途	337	337	—
<b>Total</b>	<b>總計</b>	<b>3,474</b>	<b>714</b>	<b>2,760</b>

The unutilised net proceeds have been placed as short term bank deposits in licensed banks in Hong Kong as at 31 December 2007. However, as stated in an announcement dated 11 February 2008, in order to take advantage of the appreciation of Renminbi, the Group will gradually place part of these unutilised net proceeds in licensed banks in the PRC.

### Pledge of assets

At 31 December 2007, the Group had bank deposits of RMB1.6 million (31 December 2006: RMB4.9 million) to secure banker acceptance for payment of raw materials and OEM products.

首次公開發售於扣除有關開支後的所得款項淨額約為港幣3,474.0百萬港元 (相等於人民幣3,371.5百萬元)。本公司已按照二零零七年六月二十六日的招股章程「所得款項用途」一節所述的方式運用首次公開發售的所得款項淨額。因此，截至二零零七年十二月三十一日所得款項淨額所作用途如下：

於二零零七年十二月三十一日，未動用的募集資金淨額已存入香港的持牌銀行作短期存款。然而，在二零零八年二月十一日的公告中，本集團為了受惠於人民幣升值所帶來的好處會陸續將部分未動用的募集資金存入中國的持牌銀行。

### 資產抵押

於二零零七年十二月三十一日，本集團已將銀行存款人民幣1.6百萬元 (二零零六年十二月三十一日：人民幣4.9百萬元) 抵押，以擔保用作原材料及原設備製造產品付款的銀行承兌滙票。





# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### Capital commitments and contingencies

At 31 December 2007, the Group has capital commitments primarily related to the expansion of our footwear production facilities in Jinjiang, the further expansion of our own apparel production bases in Xiamen and Changting, the establishment of an operational center in Xiamen; and the development of retail distribution network for international branded products and the retail sports complexes.

At 31 December 2007, 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 is our Group aware of any pending or potential material legal proceedings involving the Group.

### Financial management policies

The Group will continue to control financial risks in a prudent manner and proactively adopt internationally recognised corporate management standards to safeguard the interests of shareholders. For the year, the Company's IPO proceeds were received in Hong Kong Dollars, and the unutilised proceeds were deposited in bank accounts denominated in Hong Kong Dollars, the Company also pays dividends in Hong Kong Dollars. However, the functional currency of the Group's holding company is denominated in Hong Kong dollars and the holding company's financial statements were translated into Renminbi for reporting and consolidation purposes. Foreign exchange difference which is arising from the translation of financial statements will not be presented as profit or loss, but will be recognised directly to equity as a separate reserve item. The Group conducted its business transactions principally in Renminbi, the exchange rate risk in operation of the Group is not significant and the Group does not employ any financial instruments for hedging purposes. Nevertheless, the management will continue to monitor the foreign exchange exposure and be prepared to take prudent measures such as hedging by currency options and non-deliverable forwards when needed.

### Significant investments and acquisitions

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

### 資本承擔及或然負債

於二零零七年十二月三十一日，本集團的資本承擔主要涉及擴充本集團在晉江的鞋類生產設施，進一步擴充本集團於廈門及長汀的自營服裝生產基地，建立位於廈門的營運中心，以及發展國際品牌產品的分銷網絡和零售運動城。

於二零零七年十二月三十一日，本集團並無為非本集團旗下公司提供任何形式的擔保。本集團目前並無涉及任何重大法律程序，而本集團亦不知悉有任何涉及本集團的待決或潛在重大法律程序。

### 財務管理政策

本集團將繼續審慎監控其財務風險，並積極採納國際認可的公司管理準則以保障股東的權益。於年內，本公司首次公開發售股份所得之款項全數為港幣，並暫存於以港幣計價的銀行賬戶，本公司亦會以港幣分派股息。然而，本集團的控股公司的功能貨幣是以港幣結算而控股公司的財務報表因做綜合賬和匯報時才換算為人民幣的。為列賬而換算時，由此產生的滙兌差額不會列作收支損益，而直接於權益的獨立的儲備項目內確認。由於本集團主要以人民幣進行業務交易，本集團於營運上的滙率風險輕微，因此，並無採用財務工具作對沖有關風險。然而，管理層會繼續監察外滙風險，並已作好準備於有需要時採取審慎措施，例如以貨幣期權及不交收遠期外滙進行對沖。

### 重大投資及收購

於年內，本集團並無進行重大投資或重大附屬公司收購或出售。本集團繼續物色國際體育用品品牌收購及協作等商機，以增加股東權益的回報。



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

### PROSPECTS

The Group casts a positive eye on the future sportswear product market, which is expected to benefit from China growing economy, increasing consumers' purchasing power, higher living standards and growing emphasis on sports in coming years. In 2008, the Group will seek a further expansion of our retail network, enhancing brand recognition and desirability to provide high quality and professional sportswear products to consumers. Addressing the future opportunities, the Group expects to sharpen its overall competitive edge under its well-defined strategies in place.

#### To enhance brand recognition and desirability

The Group continues to roll out a number of integrated communication campaigns for the Olympic Games, so as to leverage the event to promote China's sports undertaking and our brand recognition. Efforts will also be devoted to consolidate the collaboration with Houston Rockets and the sponsorship of NBA players to enhance overseas recognition and brand's professional image in a global context. The Group also expects to enhance ANTA brand desirability by identifying prime locations for opening bigger stores and refurbishing the layout and the image, with increasing floor area of retail outlets and better customer service to promote the fifth generation store and to plan for the sixth generation image.

#### To adopt a multi-brand strategy

Furthermore, the Group adopts a multi-brand strategy to introduce international sportswear brands to China market to enrich our business mix and brand family and generate the synergy. The Group is seeking collaboration with high-end global brands to complement with ANTA brand which targeting mass market. On the basis of our extensive domestic resources and in-depth understanding of the sportswear market, the Group has set up the "ANTA kids division" to capture opportunities in children sportswear market in 2008.

#### To explore nation-wide distribution and retail network

The Group will further motivate the distributors to open flagship stores in strategic markets and first-tier cities, while strengthening development of large outlets in second- and third-tier cities with a focus on operating efficiency of the overall network. The channel mix for ANTA brand will be diversified, with more collaboration with nation-wide distributors to boost coverage on departmental stores, shopping malls and sports retail complexes. Outlets along the same street will distinguish themselves by distinct product themes, catering for needs of

### 展望

受惠於中國來年的持續經濟增長、國民消費能力持續上升、消費者生活水平得到改善，對運動越來越重視，本集團對未來的體育用品市場保持樂觀態度。二零零八年，本集團繼續致力拓展零售網絡，提升品牌知名度及美譽度，為消費者提供優質而專業的體育用品。為迎接未來的種種商機，本集團已訂立了清晰明確的策略，以提升整體的競爭力，鞏固市場領導地位。

#### 品牌認知度及美譽度提升

本集團繼續展開多項奧運整合宣傳計劃，藉奧運帶來的機遇，進一步推動中國體育事業的發展和提升品牌認知度。另外，本集團繼續整合與休斯頓火箭隊的合作和贊助NBA球星代言人到中國行推廣他們的形象產品，提升海外知名度及品牌專業形象，令品牌進一步國際化。此外，本集團將繼續尋找有利位置開設大店、改造店鋪的陳設及外觀、增加零售門市的面積、提升客戶服務質素、推廣第五代空間及籌劃第六代空間，提升安踏品牌的美譽度。

#### 採取多品牌策略

另外，本集團採取多品牌策略，繼續發展國際體育品牌零售業務，豐富集團業務及品牌系列，產生協同效益。本集團正積極尋求與高端國際品牌合作的機會，相信能對定位於大眾市場的安踏品牌產生互惠效益。並以本集團豐富的國內資源及對體育用品市場的充分瞭解，本集團已成立「兒童體育事業部」，將於二零零八年全力拓展，迎接兒童體育用品的商機。

#### 拓展全國性分銷及零售網絡

集團會持續推動分銷商在核心市場及一線城市開設旗艦店的工作，並加強在二、三級城市終端大店的開發、重點提升整體網絡的營運效益、豐富安踏品牌渠道組合、加強與全國性分銷商合作、增加在百貨商場、大賣場和運動城的覆蓋。位於同一街道的店鋪則以產品種類的不同主題，



# Management Discussion and Analysis

## 管理層討論及分析 Continued 續...

different consumers. The Group intends to promote the influence of ANTA brand in the international arena, through optimizing distributors' retail management with, exploiting overseas resources, and improving brand recognition in overseas markets.

### To upgrade research and development and designing capabilities

In respect of product design, the Group will keep aligning its product mix with market demand based on the research on changing consumer demand. To optimize its designing team, the Group will continue to cooperate with international renowned design houses and professionals and introduce excellent designers to improve overall designing level, so as to provide consumers the sportswear products with quality and professionalism.

### To expand production capacity and improve quality control capability

The Group has been putting emphasis on product quality and reliability with a continuous commitment to quality control system. The Group will expand self-production capacity, an additional 12 footwear production lines and further expansion of apparel production facilities will gradually commence their operations during 2008 and improve the flexibility of its own production facilities under the established strategy, while focusing on upgrading product mix to increase the proportion of products with high profit margin.

### Human resources

The Group continues to foster an excellent and fair working environment, providing the staffs with opportunities of promotion and training. Strengthening the systems and performance management will be further reinforced to facilitate the progress both in corporate results and the staff's calibre. The Group will also recruit excellent talents on an ongoing basis to ensure the balance between corporate sustainable development and the needs for human resources. In addition, regular communications with employees will be made in line with corporate culture constructions to understand their needs and brew up staff loyalty along the enterprise's harmonious development.

Looking ahead, the Group continues to seize the opportunities in China sportswear market under a sound growth strategy. Capitalizing on our established leading edges in China market, the Group is committed to continuously creating value for shareholders and investors in light of its well-defined development strategy.

來突顯每間店舖的特色，以滿足不同消費者的需要。同時，本集團將繼續強化安踏品牌在國際舞臺上的影響力，優化終端零售管理並有計劃性地投入廣告，積極開發海外資源，提升品牌在海外市場的認知度。

### 加強研發及設計能力

有關產品設計方面，本集團積極研究消費者需求變化趨勢，根據市場需求，不斷調整產品結構。本集團將優化設計團隊，繼續與國際知名設計公司及設計專家合作，同時內部引進更多高水平設計師，以提升整體設計水平，為消費者提供質量與專業性俱備的體育用品。

### 擴張生產能力及產品質量能力

本集團一向十分重視產品的質量和穩定性，致力完善質量監控體系。本集團會按既定策略提升自有產能，年內有12條新的鞋類生產線和服裝車間陸續投產，以增加自有生產業務的靈活性。集中提升產品組合結構，增加高毛利的產品的比例。

### 人力資源

人力資源方面，本集團會持續營造優良和公平的工作環境，為員工提供晉升機會和培訓發展。本集團會繼續加強體系建設和績效管理，使公司業績不斷改善，員工素質亦不斷提升。同時，本集團繼續吸納優秀人才，確保企業持續發展及人力資源的需求的平衡。本集團亦會全力配合企業文化建設，定期與員工溝通，瞭解員工的需要，增強員工的忠誠度，與企業和諧發展。

展望未來，本集團會繼續把握中國的體育用品市場的機遇，維持穩健的擴展策略。憑藉在中國市場已建立的領先優勢，以及清晰明確的發展策略，持續為股東和投資者創造價值。

