





ANTA

ANNUAL REPORT 2010

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

Stock Code: 2020

Sports, Internet & Lifestyle



The Group sponsored sportswear to the CSD in **Winter Olympic Games, Youth Olympic Games, Asian Games and Asian Beach Games in 2010.**

We are proud to provide high-quality gear for them in these international games.



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



- International games held in 2009
- International games held in 2010
- International games to be held in 2011 and 2012



Corporate Information



Group Structure



ANTA News Centre



Chairman's Blog



Market Review



Business Review



COC



Basketball



Kevin Garnett's China Tour



Luis Scola's China Tour



Tennis



Running



Sports Lifestyle Series



Kids Sportswear Series



Fila Business



Nationwide Distribution Network



E-Commerce



Supply Chain Management



ANTA Technology Centre



Financial Review



Prospects



Corporate Social Responsibility Report



Investors Information



Report of the Directors



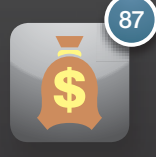
Corporate Governance Report



Directors and Senior Management



Independent Auditor's Report



Consolidated Statement of Comprehensive Income



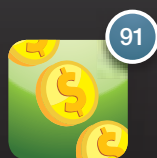
Consolidated Statement of Financial Position



Statement of Financial Position



Consolidated Statement of Changes in Equity



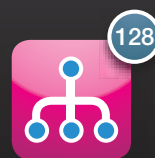
Consolidated Statement of Cash Flows



Notes to the Consolidated Financial Statements



Significant Accounting Policies



Principal Subsidiaries



Glossary



Board

Executive Directors

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

Independent Non-Executive Directors

Yeung Chi Tat
Lu Hong Te
Dai Zhongchuan

Company Secretary

Ling Shing Ping *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

Cayman Islands Office

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

Hong Kong Office

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

Head offices in the PRC

Jinjiang Office

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

Xiamen Office

ANTA Operations Center
Yiai Road, Siming District
Xiamen, Fujian Province, PRC
Postcode: 361009

Share registrars and transfer offices

Cayman Islands Principal Register

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

Auditor

KPMG

Internal control review adviser

KPMG Advisory (China) Limited

Public relations consultant

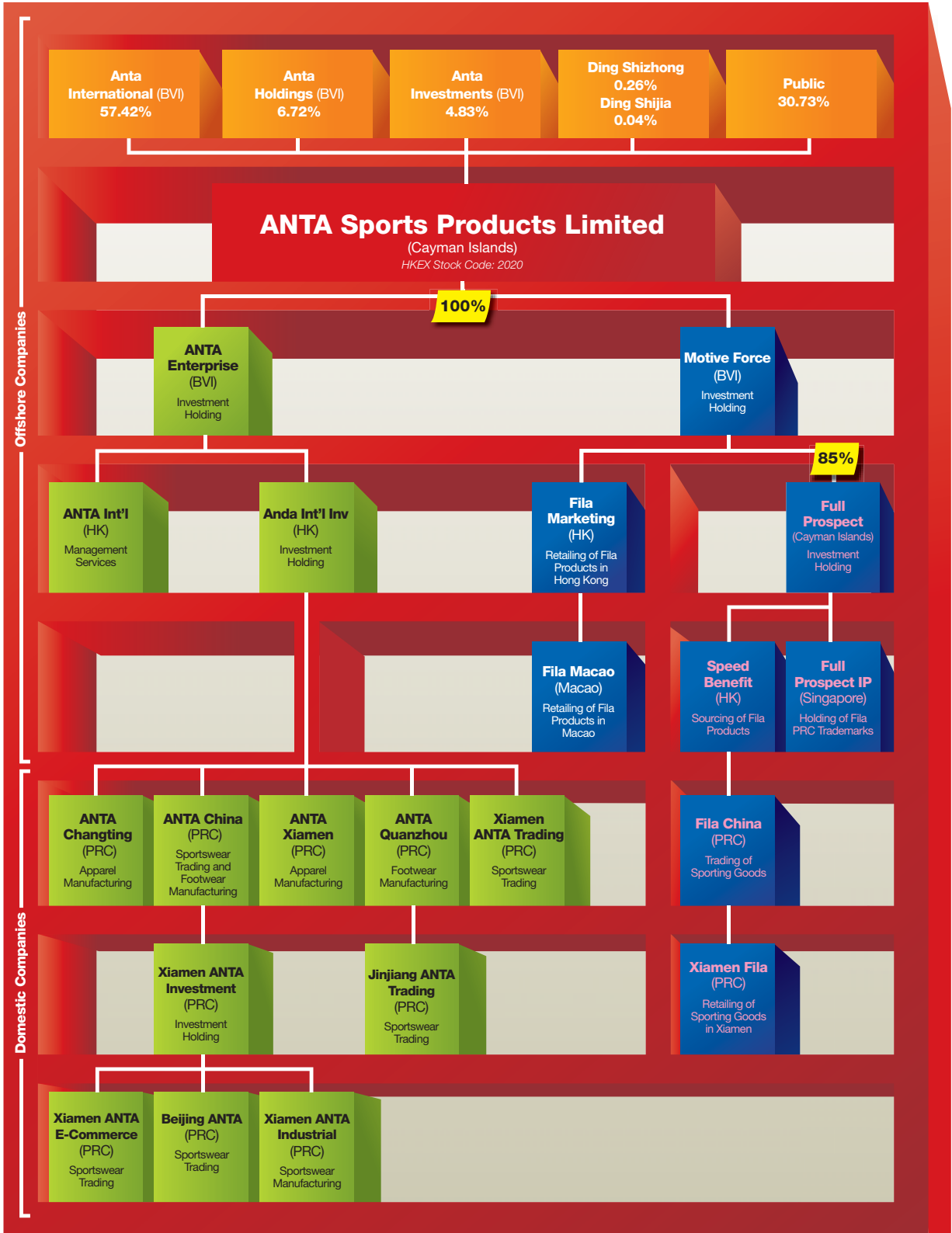
Hill & Knowlton Asia Limited

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



GROUP STRUCTURE





Year ended 31 December	2010	2009	Changes
	(RMB million)	(RMB million)	(%)
Turnover	7,408.3	5,874.6	↑ 26.1
Gross profit	3,170.6	2,472.9	↑ 28.2
Profit from operations	1,736.8	1,394.8	↑ 24.5
Profit attributable to equity shareholders	1,551.1	1,250.9	↑ 24.0
Free cash inflow	1,269.0	1,156.8	↑ 9.7
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	62.21	50.23	↑ 23.9
– Diluted	62.04	50.09	↑ 23.9
Shareholders' equity per share	227.68	203.84	↑ 11.7
	(HK cents)	(HK cents)	(%)
Dividend per share			
– Interim	20	12	
– Final	25	12	
– Special	–	11	
	45	35	↑ 28.6
	(%)	(%)	(% points)
Gross profit margin	42.8	42.1	↑ 0.7
Operating profit margin	23.4	23.7	↓ 0.3
Margin of profit attributable to equity shareholders	20.9	21.3	↓ 0.4
Effective tax rate	16.1	13.6	↑ 2.5
Advertising and promotional expenses (as a percentage of turnover)	13.6	12.7	↑ 0.9
Staff costs (as a percentage of turnover)	8.9	9.1	↓ 0.2
R&D costs (as a percentage of cost of sales)	3.2	3.0	↑ 0.2



As at 31 December	2010	2009	Changes
	(%)	(%)	(% points)
Average total shareholders' equity to average total assets	81.8	86.6	↓ 4.8
Return on average total shareholders' equity ⁽¹⁾	28.8	26.2	↑ 2.6
Return on average total assets ⁽²⁾	23.6	22.6	↑ 1.0
	(days)	(days)	(days)
Average inventory turnover days ⁽³⁾	36	38	↓ 2
Average trade receivables turnover days ⁽⁴⁾	19	16	↑ 3
Average trade payables turnover days ⁽⁵⁾	36	35	↑ 1

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 payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant year.



Operational performance

- Number of ANTA stores reached 7,549, a net increase of 958 ANTA stores
- Total sales floor area of ANTA stores increased by 23.5%, to approximately 872,000 sq.m.
- Average sales floor area per ANTA store increased from 107 sq.m. to 116 sq.m.
- ASP (wholesale price) increased by 4.0% to RMB99.5 for footwear and increased by 8.8% to RMB65.8 for apparel
- Volume increased by 10.9% to 38.4 million pairs of footwear and increased by 27.1% to 50.6 million pieces of apparel



Financial performance

- Turnover increased by 26.1% to RMB7.41 billion
- Gross profit margin increased by 0.7% points to 42.8%
- Profit attributable to shareholders increased by 24.0% to RMB1,551.1 million
- Basic earnings per share has an increase of 23.9% to RMB62.21 cents
- 62.1% payout of the 2010 profit attributable to equity shareholders
- Free cash inflow increased by 9.7% to RMB1,269.0 million



Cautionary Statement Regarding Forward-Looking Statements



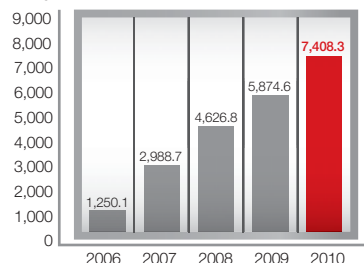
This Annual Report 2010 contains certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "forward-looking statements".

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ in some instances materially, from those anticipated or implied in any forward-looking statement. Forward-looking statements speak only at the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. Trends and factors that are expected to affect the Group's results of operations are described in the section "Management Discussion and Analysis".

FIVE-YEAR FINANCIAL SUMMARY

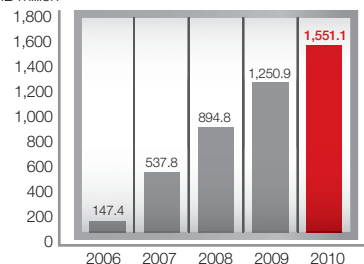
Turnover

RMB million



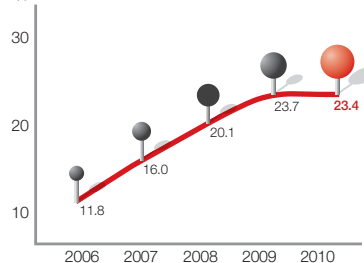
Profit Attributable to Equity Shareholders

RMB million



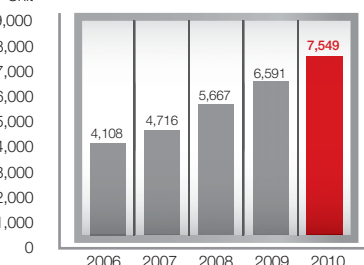
Operating profit margin

%



Number of ANTA Stores

Unit



	2010 (RMB'000)
Turnover	7,408,309
Gross profit	3,170,554
Profit from operations	1,736,811
Profit attributable to equity shareholders	1,551,113
Non-current assets	1,309,436
Current assets	5,745,055
Current liabilities	1,163,393
Net current assets/(liabilities)	4,581,662
Total assets	7,054,491
Total assets less current liabilities	5,891,098
Non-current liabilities	160,366
Total liabilities	1,323,759
Non-controlling interests	52,701
Shareholders' equity	5,678,031
	(RMB cents)
Basic earnings per share	62.21
Diluted earnings per share	62.04
Shareholders' equity per share	277.68
	(HK cents)
Dividends per ordinary share	
– Interim	20.0
– Final	25.0
– Special	–
	(%)
Gross profit margin	42.8
Operating profit margin	23.4
Margin of profit attributable to equity shareholders	20.9
Effective tax rate	16.1
Advertising and promotional expenses (as a percentage of turnover)	13.6
Staff costs (as a percentage of turnover)	8.9
R&D costs (as a percentage of cost of sales)	3.2
Return on average total shareholders' equity ⁽¹⁾	28.8
Return on average total assets ⁽¹⁾	23.6
Average total shareholders' equity to average total assets	81.8
Debt to shareholders' equity ratio ⁽²⁾	23.3
	(days)
Average inventory turnover days ⁽¹⁾	36
Average trade receivables turnover days ⁽¹⁾	19
Average trade and bills payables turnover days ⁽¹⁾	36

Notes:

(1) Please refer to notes on page 4 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.

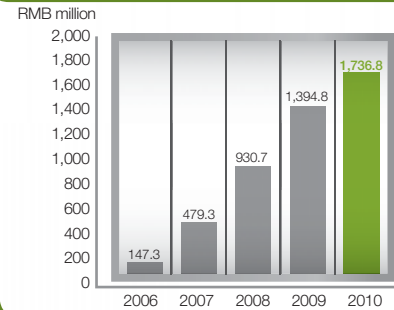
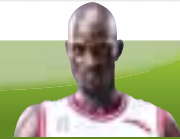


	2009	2008	2007	2006
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	5,874,596	4,626,782	2,988,723	1,250,142
	2,472,894	1,848,573	999,907	313,228
	1,394,777	930,659	479,256	147,280
	1,250,941	894,791	537,793	147,417
	1,193,651	592,464	494,789	265,166
	4,909,755	4,350,018	4,135,949	591,189
	872,460	461,610	480,044	618,444
	4,037,295	3,888,408	3,655,905	(27,255)
	6,103,406	4,942,482	4,630,738	856,355
	5,230,946	4,480,872	4,150,694	237,911
	93,618	-	-	-
	966,078	461,610	480,044	618,444
	57,389	-	-	-
	5,079,939	4,480,872	4,150,694	237,911
	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
	50.23	35.94	25.26	8.19
	50.09	35.86	25.21	N/A
	203.84	179.95	166.69	13.22
	(HK cents)	(HK cents)	(HK cents)	(HK cents)
	12.0	10.0	-	-
	12.0	10.0	8.0	-
	11.0	8.0	-	-
	(%)	(%)	(%)	(%)
	42.1	40.0	33.5	25.1
	23.7	20.1	16.0	11.8
	21.3	19.3	18.0	11.8
	13.6	7.3	10.1	0.4
	12.7	13.8	12.4	8.3
	9.1	7.0	7.1	6.8
	3.0	3.0	2.5	0.5
	26.2	20.7	24.5	84.5
	22.6	18.7	19.6	22.6
	86.6	90.2	80.0	26.8
	19.0	10.3	11.6	259.9
	(days)	(days)	(days)	(days)
	38	43	44	42
	16	15	14	19
	35	39	51	61

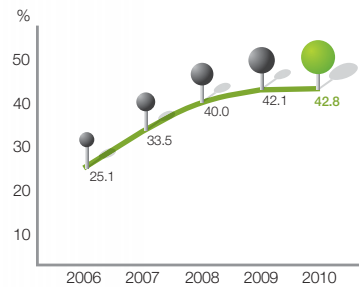
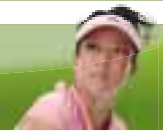
Notes:

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

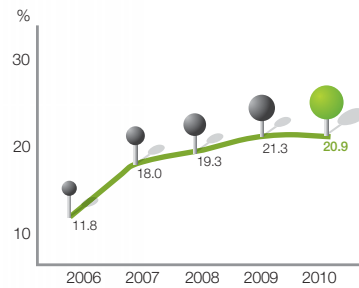
Profit from Operations



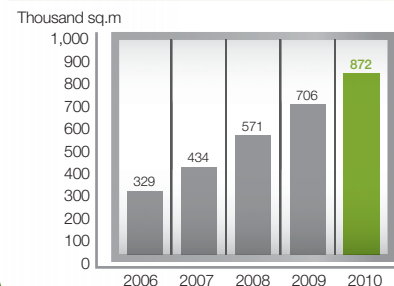
Gross Profit Margin



Margin of Profit Attributable to Equity Shareholders



Total Sales Floor Area of ANTA Stores





ANTA News Centre



ANTA Sports Endorsed Athletes Achieved Best Ever Results in 2010 Winter Olympics

February 2010

ANTA Sports' endorsed athletes, including Shen Xue, Zhao Hongbo and Zhou Yang, won 3 gold and 2 silver medals in the Vancouver 2010 Winter Olympic Games. Their achievements contributed to the best showing ever by Chinese athletes in the history of the games with a total of 5 gold, 2 silver and 4 bronze medals. Members of the CSD were dressed in ANTA-design outfit in the opening ceremony.



ANTA Sports Recognised for Leading Market Position and Brand Value

March and July 2010

ANTA Sports was named the top travel and sports footwear brand for the 9th year by the China General Chamber of Commerce and the China National Commercial Information Center. The Group also claimed the "Best Value Award" in the "6th China National Garment Association Award". Furthermore, ANTA Sports was first included in Forbes China's "2010 China Most Valuable Brands Top 50".



Greater Market Recognition for Improved A-Jelly Technology

May to August 2010

The Group has optimised the application of upgraded A-Jelly technology from semi-shoe sole to whole shoe sole. The enhancement was widely applauded by sports enthusiasts. A-Jelly, a biodegradable and shock absorbing material, enhances the stability and comfort of our performance-based footwear. To better promote the A-Jelly technology among the public, a series of marketing campaigns using TVC and POP was launched, which was extremely well received by the market.



COC Partnership an Effective Promotion Platform for ANTA Sports

May 2010

ANTA Sports cooperated with the COC and its Internet service partner, Sina, to launch the "ANTA • China Sports" channel, stepping up a closer partnership among the three parties on a wide range of marketing and sporting initiatives. The Group also partnered with the COC in the "26th China International Sporting Goods Show" in Beijing to showcase the latest sportswear designed by ANTA for the CSD.



ANTA Sports Pledged Full Support for China's "Sports for All" Campaign in Olympic Day Run

June 2010

ANTA Sports pledged its full support for the COC's "Sports for All" movement with its participation in the 24th Olympic Day Run event. The event was hosted in 9 cities, attracting nearly 20,000 runners to participate and live the Olympic spirit. A number of ANTA Sports' endorsed winter sports athletes, including Li Nina, Zhang Dan and Zhang Hao, marathon runner Chen Rong as well as CBA players Liu Xiaoyu and Ji Zhe also joined ANTA Sports' employees in the run to demonstrate their support.

ANTA News Centre



ANTA Sports Opened the 7,000th Store

June 2010

ANTA Sports opened its 7,000th store in Jiangsu. The milestone opening was part of ANTA Sports' progressive store opening strategy in prime locations to enhance brand image and to meet a growing demand for ANTA's differentiated products. It also signifies an expansion of the Group's sustainable and healthy distribution network.



Basketball Star Player Luis Scola Revisited China to Meet Fans

May – June 2010

ANTA Sports' endorsed NBA player Luis Scola met with fans and basketball lovers on his second China tour, entitled "Road to Glory". Scola visited 5 cities on the tour including Beijing, Harbin, Shanghai, Nanjing and Guangzhou. He also promoted the sport by coaching young players in the CUBA training camp and various other events.



ANTA Sports Included in Hang Seng Corporate Sustainability Index

July 2010

ANTA Sports is the only sportswear company included in the Hang Seng Corporate Sustainability Index Series by Hang Seng Indexes Company Limited. The inclusion not only is a recognition by the capital market, but also a significant endorsement of the Company's commitment and efforts to enhance corporate sustainability.



ANTA Sports Added Basketball Superstar Kevin Garnett to List of Endorsed Players

August and December 2010

NBA superstar Kevin Garnett joined Luis Scola to form the strongest endorsement portfolio for the Group and enhances ANTA's brand influence in the basketball market in China. Kevin Garnett's popularity brought groups of welcoming fans in his "Love China" tour. He has also appeared in NBA games wearing ANTA basketball shoes "KG1". The Group has rolled out marketing campaigns featuring Kevin Garnett to celebrate the launch of "KG" sportswear series.



ANTA Sports Outfit Worn by the CSD in Asian Games Victory Ceremonies

November 2010

The CSD won a record number of 199 golds, 119 silvers and 98 bronzes in the Guangzhou 2010 Asian Games. Hundreds of Chinese medalists were dressed in ANTA-designed outfit in victory ceremonies in front of cheering home crowds. The CSD's outstanding performance offered ANTA significant exposure. High-profile marketing campaigns was also launched to bring the public closer to ANTA and the event. All these have helped strengthen ANTA's symbolic role in China's sports industry.



OUR ENDORSED PLAYER LUIS SCOLA



ROAD TO GLORY



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.

Q



Chairman



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 2010.

Provident Strategies Sustain Our Healthy Growth Momentum

Looking back on the market environment in 2010, the economy has recovered after the global financial crisis. The surge in disposable income and domestic consumption continued to fuel the growth of the sportswear industry. Although industry participants have delivered mixed performances, the Group was able to achieve strong and healthy growth and deliver a set of impressive financial and operational results by leveraging our competitive strengths and effective development strategies. During the year, the Group's turnover increased by 26.1% to RMB7.41 billion (2009: RMB5.87 billion). Profit attributable to equity shareholders rose 24.0% to RMB1.55 billion (2009: RMB1.25 billion). Basic earnings per share were RMB62.21 cents (2009: RMB50.23 cents). The Board proposed to declare a final dividend of HK25 cents per ordinary share (2009 final dividend: HK12 cents; 2009 special dividend: HK11 cents) which, together with an interim dividend of HK20 cents per ordinary share (2009: HK12 cents), represent a payout ratio of 62.1% of profit attributable to equity shareholders for the year.

COC Partnership Helps ANTA Stand Out in the Sportswear Industry

Brand awareness among Chinese consumers has been growing steadily as the level of affluence and living standards continue to improve. To enhance the desirability of our brand, we have been working closely with the COC to promote sports. Our four-year exclusive sportswear partnership for the COC has proved to be an invaluable platform to set us apart from competitors. During the Guangzhou 2010 Asian Games, the CSD once again dominated the medal count. Chinese athletes also achieved their best results in the Vancouver 2010 Winter Olympics, including 3 golds earned by our endorsed athletes. Such outstanding achievements by the CSD in turn helped lift ANTA's profile with the Chinese medal winners receiving the honours in victory ceremonies dressing in ANTA-designed outfit. What's more, we have expanded our COC partnership and further enhanced our brand exposure through the launch of "ANTA • China Sports" channel in collaboration with the COC's Internet service partner, Sina.

ANTA Taps Market Potential amid High-profile Sporting Events

In order to get the most out of our marketing efforts and to capture market opportunities from the most influential sporting events in 2010, Winter Olympics and Asian Games, we stepped up our ongoing and comprehensive "Support China Altogether" marketing campaign to help drum up public enthusiasm and to bring ANTA closer to consumers. Apart from rolling out popularly acclaimed TVC and POP, we also put on display ANTA-designed CSD victory outfit at major shopping malls to let the public share the joy and glory of the nation's sporting achievements. Moreover, the interactive campaign successfully encouraged the public participation by experiencing the games. The campaign not only generated positive feedback from the market but also strengthened ANTA's symbolic role as of the representative of China's sports industry. We believe our effective promotion of major sporting events will ultimately boost sports participation and benefit the long term growth of the sportswear industry.

Basketball Superstar Empowers ANTA's Endorsement Portfolio

We are dedicated to building on our endorsement resources with the addition of mega athletes to help us reach out to target customers. During the year, we have added NBA superstar Kevin Garnett to our endorsement list, which marks one of the most significant scoops of our branding efforts. Our international basketball endorsers, Kevin Garnett and Luis Scola, are both committed to promoting the development of the sport in China. They not only coached aspiring young players on basketball skills but also drew huge crowds of cheering fans as they toured around China. Riding on their popularity and influence, we have been able to win over the attention of basketball fans and successfully strengthen ANTA's association with the sport. The basketball duo also have worn state-of-the-art ANTA basketball shoes in NBA matches, further validating our brand and premium quality of ANTA sportswear in front of global audience. We have also launched a series of marketing promotions starring Kevin Garnett to promote the "KG" sportswear series. Meanwhile, we continue to partner with the major leagues in Chinese basketball, CBA and CUBA, through various marketing activities to promote our featured products to basketball fans. Leveraging our comprehensive basketball sponsorship and endorsement resources, we have been able to reinforce our brand influence and leadership in the domestic basketball segment.



OUR MISSION

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





Chairman



Healthy Network Expansion Boosts Notable Sales Performance

The Group sees tremendous opportunities in the mass market as its size and purchasing power continue to grow on the back of strong economic growth and higher wages. As the pace of urbanisation accelerates more prime locations are opening up for new stores, which means more opportunities for us to expand the distribution network. At the end of 2010, the total number of ANTA stores surpassed the milestone 7,000 mark and reached 7,549. We strongly believe a healthy distribution network is vital for the sustainable growth of the Group. That is why we are focused on increasing our store efficiency and the competitiveness of our network. Not only did we boost retail sales by working more closely with distributors and franchisees, we also offered guidelines and trainings to help them optimise store operation and expansion planning. In addition, we have shared timely market analysis and provide thorough reviews on retailers' trade fair ordering plans so as to achieve healthy inventory and discounts levels. As a result, they have been able to sustain profitability through better inventory management, more accurate ordering and effective store operation.

Innovation Drives Product Differentiation

Product differentiation and R&D capability are the keys to our success. Our self-developed A-Jelly technology has been upgraded to offer greater resilience and more comfort for both professional athletes and leisure consumers. Always striving to enhance our R&D capability, we have applied advanced technologies to a wide range of products which have resulted in good market response. We are also committed to optimising and enriching our product mix to gauge the potential of different market segments. We have made a great leap in widening our apparel product offerings and have steadily expanded the Sports Lifestyle and Kids sportswear series. More value-added products such as the "KG" and "I Love CBA" basketball series as well as COC licensed products have been rolled out in response to growing consumer demand for branded value-for-money and their increasingly sophisticated tastes. Owing to our consistent efforts to innovate, we have been the top seller of travel and sports shoes in terms of market share for nine years in a row in China.

Sustainability Is the Overarching Value that Guides Our Work

Looking ahead, we see both opportunities and challenges in the sportswear industry. The prospect of mass market remains promising amid the increases in purchasing power and sports participation, thanks to the Chinese government's economic policies and its efforts to promote sports. Continued industry consolidation also enables the Group to expand market share by leveraging our competitive edge. However, increasing cost pressures will continue to confront all industry players and their retailers. In order to sustain our profitability and that of retailers, we will implement more effective cost control measures and closely work with retailers to ensure their store efficiency and inventory levels healthy. We have also undertaken the ERP optimisation program in order to monitor our retail performance and to gain more real-time market intelligence for long term growth.

Seize Opportunities by Market and Product Diversification

Solid brand equity has always been, and will continue to be, our strongest competitive advantage. We will further consolidate our leading position by leveraging our solid sponsorship and endorsement portfolio. In particular, we have been able to increase our brand's desirability by successfully strengthening our relationship with basketball fans through the Kevin Garnett endorsement. We are also ready to roll out marketing campaign and featured products leveraging the CSD's participation in the London Olympics to raise public awareness in the lead-up to the games. Moreover, the Group is focused on seizing opportunities by diversifying into emerging markets and product categories. In view of the promising potential of the women and teenagers' markets, we will take steps to expand and enrich the women's sportswear and Sport Lifestyle series to meet the increasing demand. While expanding our footprint in the mass market, the Group will also seek to rejuvenate the Fila brand, and revitalise its product offerings and network coverage so we can expand our presence in the high-end market.

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



Ding Shizhong
Chairman

Hong Kong, 21 February 2011

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.



MARKET REVIEW

China's Economy Sustains Healthy Moderate Growth

The Chinese government has successfully led the economy on the road of recovery by carrying out a series of economic restructuring measures and stimulus policies in the aftermath of the global financial crisis. As a result, the country's economy has achieved a steady and healthy growth in the past year, with a 10.3% GDP growth to RMB39,798.3 billion. The country's per capita annual disposable income of urban residents also increased by 11.3% to RMB19,109 due to continuous pay rises and in line with the overall economic environment. Although the increase of wages and purchasing power will drive economic growth, China faces the challenges brought by inflation and global financial instability in the coming years. As one of the world's largest economies, China is expected to be more influential and interdependent on the global markets. The Chinese government will further enhance its responsiveness to external economic changes to sustain the economic growth of the country.

Central Government Boosts Domestic Demand and Fights Against Inflation

The Chinese government's strategy of expanding domestic consumption is effective, with the total retail sales of consumer goods rising by 18.4% in 2010.

Retail sales in the clothing sector rose as much as 24.8%. The uptrend in retail sales has been fueled by the minimum wage increase in a number of provinces and persistent creation of new jobs. However, a stronger consumer demand has led to inflationary pressure in China. The CPI and PPI rose 3.3% and 5.5% respectively in 2010, implying that the increase of raw material prices is affecting the manufacturing sector and the additional cost is then passed on to consumers. To tackle inflation and avoid economic overheating, policymakers have stepped up efforts to stabilise the prices of both consumer goods and raw materials by a set of price control and monetary measures.

Sportswear Market Offers Tremendous Growth Potential

China sportswear industry achieved a promising growth despite the keen competition during the year, thanks to the Chinese government's policies to spur domestic consumption. Other beneficial factors include continual urbanisation, wage increment and sports promotions. Last year increased purchasing power of the average consumer in second and third-tier cities was witnessed while urbanisation meant more prime location for new stores. Meanwhile, major international events such as the Winter Olympics and Asian Games have helped to promote sports participation in the long run. Leading sportswear players with clear position and strong brand recognition stand to benefit from such a benign business environment.



Players with Strong Sustainability Outperform in Market Consolidation

During the year, the sportswear industry had mixed results. Market position, development strategy, operational sustainability as well as competitiveness all help to decide sportswear brands' performance. As the income levels and living standards have been improving, consumers are likely to be more brand-oriented in the future and will demand branded sportswear products that offer even greater value-for-money. It is expected that the industry players with strong brand equity, innovative R&D capabilities, effective network management and solid capital resources will gain more market share, particularly as the industry is going through consolidation.

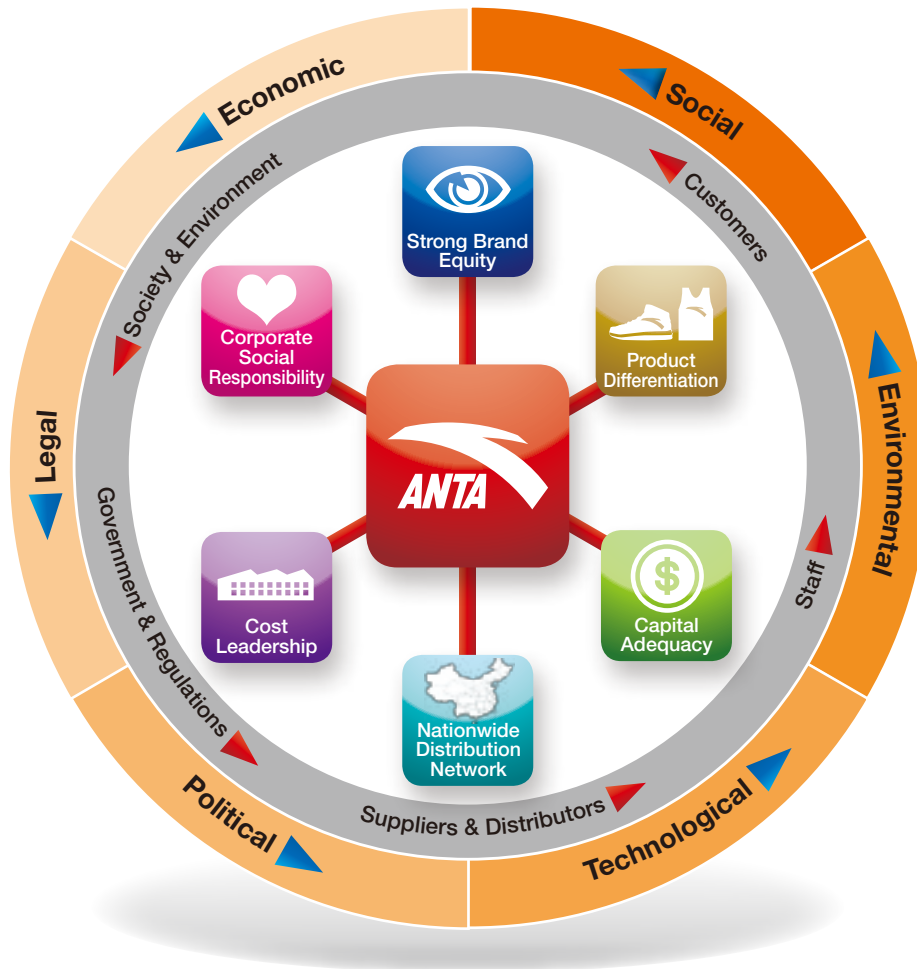
China's Economic Data



National Income	GDP	RMB39,798.3 billion	YoY ↑10.3%
Urban Residents' Income	Per capita annual disposable income	RMB19,109	YoY ↑11.3%
Consumption	Total retail sales of consumer goods	RMB15,455.4 billion	YoY ↑18.4%
	Clothing sector (including sports footwear and apparel)	RMB587.4 billion	YoY ↑24.8%
Inflation	CPI	103.3 (2009=100)	YoY ↑ 3.3%
	PPI	105.5 (2009=100)	YoY ↑ 5.5%

Source: National Bureau of Statistics of China (as at 31 December 2010)

PESTEL and Competitive Advantages



Competitive Advantages

Strong Brand Equity

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

Product Differentiation

- A wide range of product mix and lines
- Qualify for setting national quality standards
- Strong alliance with designers and R&D institutions

Capital Adequacy

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

Nationwide Distribution Network

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

Cost Leadership

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

Corporate Social Responsibility

- Corporate citizenship and public relations
- Close communication with stakeholders

External Environment

Economic

- Per capita disposable income growth rate
- Degree of urbanisation

Legal

- Compliance
- Health and safety

Political

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

Technological

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

Environmental

- Protection and education
- Seasonality

Social

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



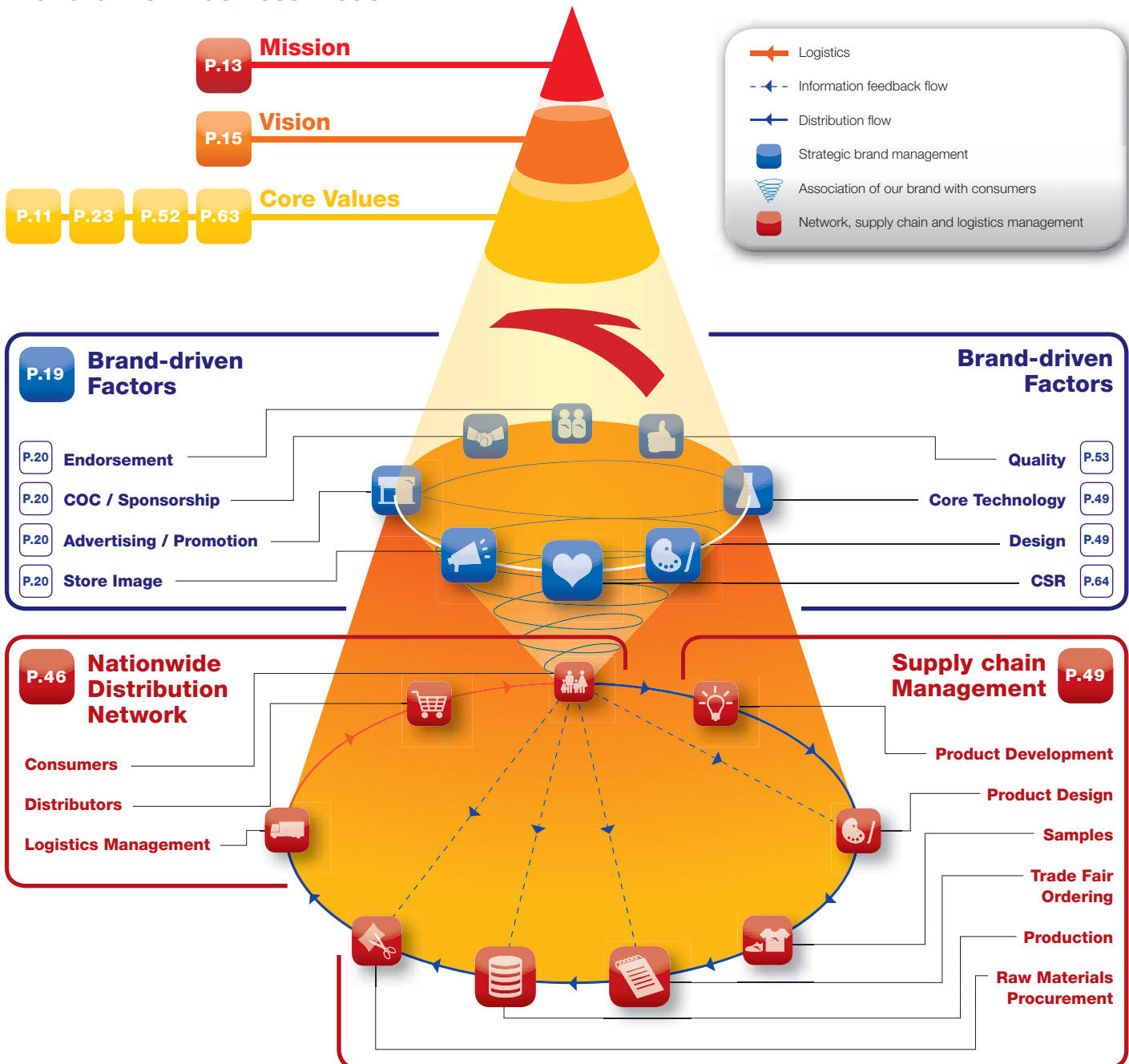
BUSINESS REVIEW

The Group positions ourselves as a brand management company which integrates our sponsorship and endorsement resources,

advertising and promotional campaigns, CSR, store image, value-for-money performance-based and stylish sportswear products as to reinforce our brand image and the level of brand association. Our

brand drives the distribution network and the supply chain to serve our consumers and to achieve our vision, mission and core values.

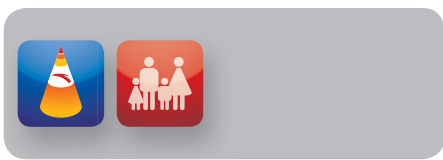
Brand-driven Business Model





BRAND MANAGEMENT

Strategic Brand Management Model



Strong Brand Equity

Brand is the most powerful asset to sustain long term growth. To help realise our highly defined mass market positioning, ANTA Sports is focused on implementing effective branding strategy to enhance our nationwide brand recognition. As consumers are becoming more sophisticated and brand conscious, the Group has put greater efforts in strengthening our brand and product differentiation to improve brand desirability. After years of hard work by ANTA Sports and other local players, market acceptance of domestic brands among Chinese consumers has been on the rise. This trend represents a promising opportunity for ANTA Sports' future expansion.

We believe success favours those who are prepared. Our devotion on planning and preparing ahead has resulted an enhancement in our sports resources in 2010. The signing of NBA superstar Kevin Garnett marked the era where ANTA Sports has brought together top-tier players with influential basketball leagues to build our unmatched basketball resources portfolio in China. The endorsement has strengthened ANTA Sports professional image in the performance-based sportswear market. ANTA Sports is honoured to be the exclusive sportswear partner of the COC. It was a privilege to have the opportunity to outfit the CSD in the victory ceremonies in the Vancouver Winter Olympics and the Guangzhou Asian Games. The outstanding performance of the CSD has helped establish ANTA's brand positioning as a representative of China's sports industry.

Brand Management Strategy

In order to move towards our vision of becoming China's most desired domestic sportswear brand, ANTA Sports has devised an effective brand management strategy. During the year, we further extended the reach and effectiveness of our innovative marketing campaigns to promote our distinguished brand image and quality products through various media and in-store marketing.

• Endorsements and Sponsorships

Sports resources are the cornerstone of branding activities for performance-based sportswear brands to differentiate and reinforce brand value. This is why ANTA Sports spares no effort in establishing a portfolio of exclusive and influential endorsement and sponsorship resources. Our strategic partnerships with the COC and the CSD from 2009 to 2012 have provided us an excellent platform to enhance the exposure and influence of the ANTA brand both locally and globally. Apart from the alliances with influential sports associations, ANTA Sports has also made keen efforts in sponsoring elite athletes and top-tier sports leagues to reinforce ANTA's professional image and strengthen our association with major popular sports in China, such as basketball, tennis and running. The joining of NBA superstar

Kevin Garnett to our ranks of endorsed athletes demonstrates our determination to raise ANTA Sports' profile to the next level. ANTA's endorsed sport stars, including Luis Scola, Zheng Jie, Jelena Jenkovic, Wang Hao, etc., and the top sports league players outfitted by ANTA sportswear are the best ambassadors of ANTA Sports' world-class products. Our strong portfolio of sports resources has played an indispensable role in enhancing the desirability of the ANTA brand and in fuelling the sustainable growth of our business.

• Advertising and Promotional Campaigns

ANTA Sports is renowned for incorporating sports sponsorship resources into different promotional channels to differentiate our brand and products in the eyes of consumers. Apart from rolling out creative TVCs, advertisements and in-store marketing, the Group also launched a number of interactive activities and games during the Winter Olympics and Asian Games to raise the level of public involvement and instill a sense of belonging among the consumers. The activities successfully united the support of the whole nation for the competing Chinese athletes. The Group also worked with CCTV5 in a bid to reach beyond sports fans to a wider audience in the mass market. Our effort in this regard has

paid off with the popular success of the basketball infotainment TV program, "HOOPARK", and the "ANTA CCTV Sports Personality", which is hailed as the "Sports Oscar" of China. Leveraging the growing influence of Internet, we stepped up our efforts in online marketing and launched a number of popular websites, blog and interactive online games to focus on the youth market and online communities.

• Store Image

ANTA Sports is committed to maintaining an outstanding store image that is consistent with our brand ideology. We share our insights with distributors and franchisees to help them enhance their store image in order to provide customers with a better shopping experience. We also keep a close eye on the store set-up and window display to ensure the image of all ANTA stores are up to standards. Store decor and promotional materials such as in-store posters are provided to retail stores to highlight the marketing theme and the products of the season. Moreover, the "COC Corner" and "Grand Basketball Corner" are set up to showcase our growing portfolio of diversified products. All these measures are designed to highlight our range of unique and differentiated products and to enhance the brand desirability.

Our continued effort in brand building initiatives has won major accolades. In March, ANTA Sports was the only sportswear brand honoured with the "Best Value Award" in the "6th China National Garment Association Award". In July, the Company was named one of "Most Valuable Chinese Brands" for the first time by Forbes China, ranking No. 21 in the poll. In the same month, our COC-themed marketing campaign nabbed the title of "Sports Marketing Case of the Year" in NetEase's "1st Sports Online Marketing Awards Ceremony 2010". These recognitions are a reflection of ANTA Sports' leading position in the industry.



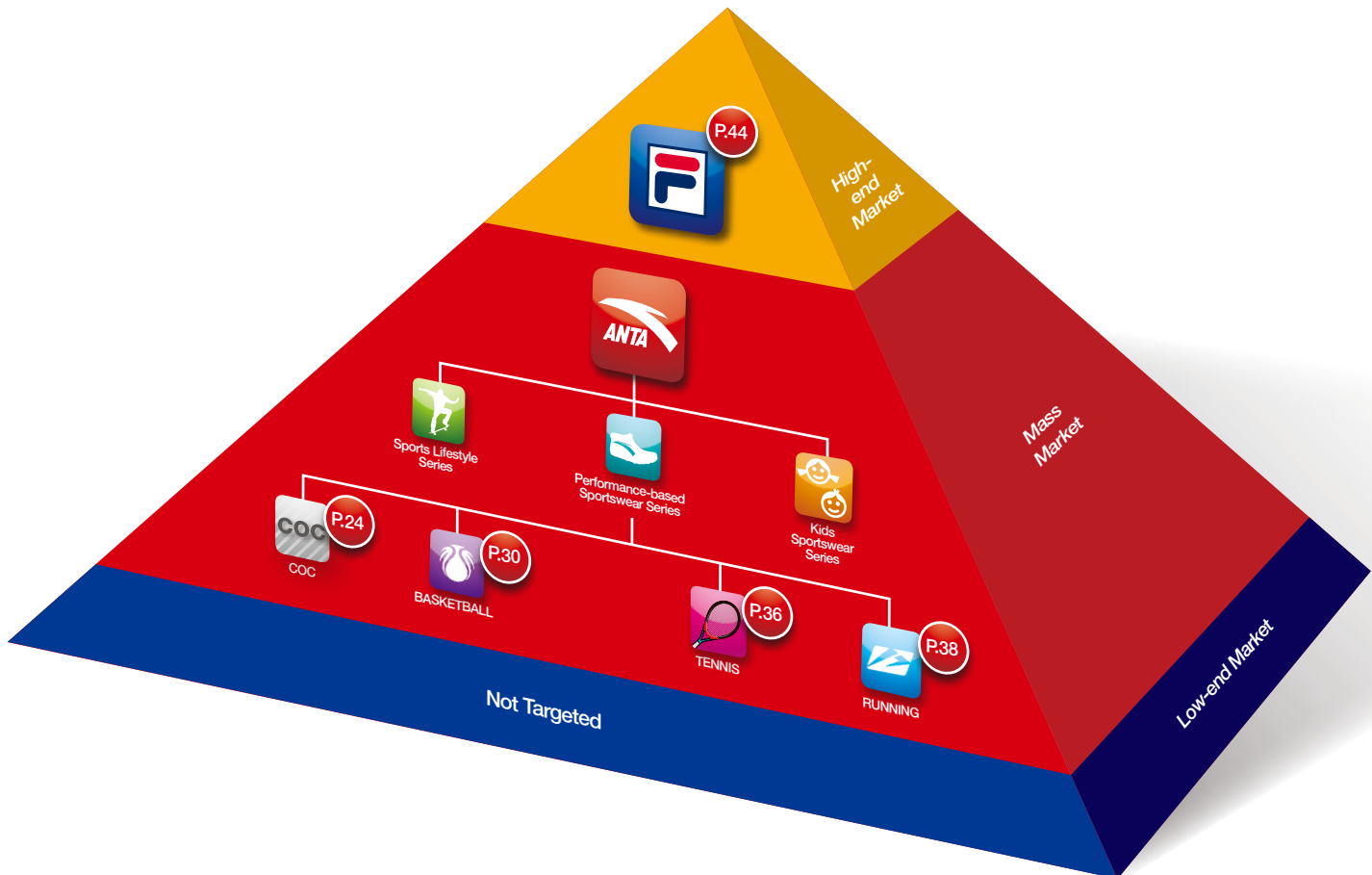
Brand Portfolio Model

Rising income levels and purchasing power have created a new breed of Chinese consumers who demand quality and have more sophisticated tastes, thus leading to a growing appetite for more quality and diversified sportswear products. Today's consumers are willing to pay more for brands and products that offer the greatest differentiation and the best value for money. This trend is expected to boost sales of largely mass market products and, over the longer term, benefit the high-end market as well. To capitalise on this growth trend, ANTA Sports has adopted a multi-brand strategy that enables us to seize on opportunities in various market segments.

The mass market has been undergoing a rapid expansion as a result of urbanisation and wage increases. To better position for this growth in the mass market, the Group is focused on promoting its brand through association with popular sports and major events. We have already established leadership in the mass market for our performance-based sportswear products, particularly those in the basketball and running categories. We have also made inroads into the female sportswear market by expanding tennis product offerings to address the rising popularity of tennis in China. As a strategic partner of the COC, we continue to expand the COC licensed product series which we rolled out in 2009 in a bid to further strengthen our relationship with consumers and the COC. In the trendy leisure sportswear and kids sportswear

markets, we have also enriched our Sports Lifestyle series and Kids Sportswear series to extend our influence in those markets.

Increasing affluence will also spur demand in the high-end market. The acquisition of the Fila PRC Trademarks in September 2009 has successfully created synergies with our existing business in the mass market. With a blend of sports and classical Italian heritage, Fila has been steadily gaining recognition among high-end consumers. The combination of Fila's strong design and technology capabilities and ANTA Sports' knowledge of the domestic sportswear market and expertise in supply chain and network management not only will provide Fila with a solid foundation to tap the growth in the high-end market, it will also benefit the Group's business in the long run.





OUR ENDORSED PLAYER KEVIN GARNETT



REACH HIGHER



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

Q



COC



Partnership with the COC



In 2010, the remarkable performance of the CSD in the Vancouver Winter Olympics and Guangzhou Asian Games captivated the world's attention. Our strategic partnership with the COC and the CSD provides an excellent platform for ANTA sportswear to appear on elite athletes in award ceremonies in major international competitions from 2009 to 2012. This not only raised our brand exposure but also differentiated ANTA from peers and helped ANTA stand out as the "representative of China's sports industry". The Group has also launched a series of marketing initiatives to boost the sports development in China, benefiting not only ANTA Sports, but also the entire sportswear industry.



“ANTA • China Sports” Channel Launched on Sina.com



The launch of “ANTA • China Sports” channel (<http://sports.sina.com.cn/others>) marked a closer cooperation between ANTA Sports, the COC and its Internet service partner Sina to enhance the effectiveness of the COC sponsorship.

Outfit Design Competition for the CSD at the 16th Guangzhou Asian Games



ANTA Sports organised Outfit Design Competition for the CSD at the 16th Guangzhou Asian Games to arouse public interest towards the event. The competition drew thousands of entries as budding designers vied for the honour of designing outfits for the CSD.

United at the “Home of China”



ANTA Sports supported the COC in setting up “Home of China”, a venue for the COC and the CSD members to share the joy and glory as well as to meet the media since the Vancouver Winter Olympics.



CSD Glittered in Asian Games

The CSD claimed the top spot on the medals list in the Guangzhou Asian Games, sweeping home a total of 416 medals. The CSD also broke several Asian Games and world records, further demonstrating that the Chinese athletes have attained world-class standards. The success of Asian Games has significant implications for the Company as the excellent performance of the CSD not only provided ANTA with extensive exposure, but also encouraged sports participation which facilitated the long-term sports development in China.

Since 2009, ANTA Sports has been using a consistent "Support China Altogether" theme to link up all our marketing initiatives in relation to the cooperation with the COC and the CSD. For each of the key events, we launched a series of TVC, outdoor billboards and in-store POP displays featured by our endorsed Chinese athletes. This ongoing marketing strategy has

China's Medal Tally



proven a great success in enhancing ANTA's association with the COC and the CSD as well as maximising the effectiveness of our marketing campaigns in the past 2 years. In view of the great opportunity to consolidate our local leadership in Guangdong and to capture the attention of huge crowds of visitors to the event, ANTA Sports launched comprehensive promotional campaigns in Guangzhou. The Group has set up





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



exhibitions illustrating the history of Asian Games, display of the ANTA-designed CSD outfits and sports equipment in prime shopping malls to bring the public closer to ANTA and the event. More importantly, we focused on an interactive approach to encourage consumers to take part in activities. Furthermore, our endorsed athletes and the CSD medalists attended the fans

gathering to meet with consumers. Real life experience of participation would help raise the public's awareness of integrating sports into our daily life.

ANTA Sports also took the chance to gain more attention from online community by optimising our electronic



information platform “AN Town” (<http://anta.qq.com>) and a website dedicated for the CSD in Asian Games (<http://www.anta.com/2010games/>) to provide instant updates of the events. Furthermore, our marketing initiatives also extended to the coverage on product offerings and store display. ANTA Sports has launched the COC licensed product series and the “COC Corner” in stores in 2009 which receives favourable responses. Leveraging the research and design results for the CSD outfits, we were able to adapt the concept behind to the mass market products, which enable consumers to experience the glory and technological value of the champions’ sportswear. These comprehensive marketing programmes have consolidated ANTA’s symbolic role of representing the sports industry in the country, which would go further in sustaining ANTA’s sportswear business in the long run.





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



CSD Achieved Best Ever Results in Winter Olympics

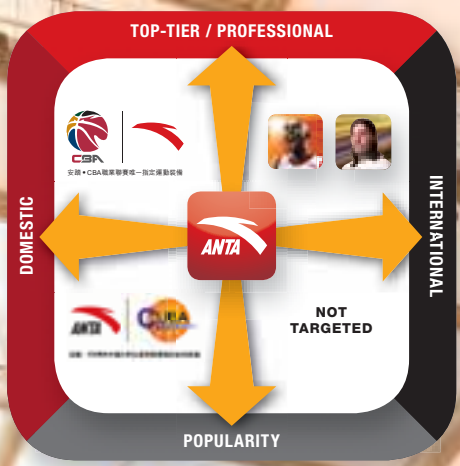
ANTA Sports was glad to witness the record results of the China's winter sports team in the Vancouver Winter Olympics in February 2010. Our endorsed winter sports athletes achieved excellent performance, winning 3 golds and 2 silvers. Our endorsed short-track speed-skating star Zhou Yang won 2 gold medals (breaking both Olympic and world records), and proudly collected the gold medal twice in ANTA outfit in the victory ceremonies. Separately, pair figure skaters Shen Xue and Zhao Hongbo also earned the first Olympic gold medal in their career and for the country in the pair skating sport with their years of hard work. Their performances truly reflect ANTA's "Keep Moving" spirit and virtues such as perseverance that the Olympics promote.

China's Medal Tally





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



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



Mass Market Performance-based Basketball Series

Being one of the most popular sports in China, basketball is among the Group's key strategic priorities. More importantly, we see the growing popularity of basketball among the youth and increasing influence of ANTA-sponsored top-tier basketball leagues in China, namely the CBA and CUBA. ANTA Sports stands to gain from the popularity of basketball through the partnership with the leagues. We also support the off-season training camps to nurture basketball talents and promote participation in the sport. In order to strengthen ANTA's leadership in the mass market basketball segment, we are leveraging our preeminent sponsorship resources and more effective marketing campaigns to expand footprint in the market.

During the year, we achieved a significant breakthrough in perfecting the basketball portfolio. The endorsement of the renowned international basketball superstar, Kevin Garnett, greatly boosted ANTA's professional image in the basketball segment. Kevin Garnett and Luis Scola are committed to promoting the development of basketball with the Group. They demonstrated their superb basketball skills and trained young Chinese basketball enthusiasts at the "My Basketball Dream" rookies' tryout during their China tours. We have also facilitated their meetings with basketball fans in various events, which successfully drew huge crowds of basketball lovers and attention from the public. We believe the basketball duo's popularity and influence in China not only enhance the sport's participation, but also give a big boost to ANTA's brand equity and consumer loyalty.



We believe that we can continue our leadership position in the market through technological innovation, and this is particularly the case in the basketball segment. The Group has applied advanced technologies to our basketball products for the CBA and CUBA players. Starting from the 2010/11 NBA season, Kevin Garnett has been equipped with "KG 1" basketball shoes tailor-made by ANTA. This proves that our brand and product functionality are both recognised by the premier basketball league's MVP. We are also proud of Luis Scola's excellent performance as he was wearing the design award-winning ANTA "Phoenix" basketball shoes. ANTA's unique basketball shoes not only draw worldwide

marketing promotion, co-hosting the All-star Weekend with the CBA, etc. in the past season, to bring our brand closer to basketball fans. CBA-designated products and "KG" sportswear series were available at the "Grand Basketball Corner" in key ANTA stores to promote basketball. Moreover, Kevin Garnett's first marketing campaign, "Reach Higher", has been rolled out together with the launch of limited edition "KG" box sets in our interactive activities. Through our continuous commitment to brand enhancement and product innovation, the Group is enjoying a more solid consumer base and stronger association with basketball as a popular sport in China.



attention because of their eye-catching design, but also offer strong protection and comfort to our endorsed athletes.

The Group is devoted to capturing more market share through the integration of our solid sponsorship portfolio, wide product variety and effective marketing campaigns. We launched interactive activities such as CBA All-star lineup voting, CBA champion blessing, CUBA slogan competition, "I Love CBA"





Kevin Garnett

KG's China Tour : Love China

1 August - Beijing

- My first ever China tour with ANTA Sports kicked off! ANTA is one of the leading sportswear brands in China. I am honoured to join the big family of ANTA Sports and have this great opportunity to support the development of basketball among young people. The signing ceremony was witnessed by both local and overseas media.



2 August - Beijing

- I attended "My Basketball Dream" rookies' tryout and coached young players on basketball skills. It was hosted by ANTA Sports' sponsored CCTV5 basketball programme, "HOOPARK". These talented players are rising stars and they're very passionate about basketball. I wish them every success in the pursuit of their basketball dreams.



3 August - Jinjiang

- Mr. Ding Shizhong, Chairman and CEO of ANTA Sports, showed me around the Company's ANTA Technology Centre, footwear production plant and trade fair at its headquarters. I was very impressed by the world class R&D and manufacturing facilities of this homegrown sportswear brand in Fujian. Their R&D team also studied my movement and measured the stress on my feet in their state-of-the-art laboratory, which is accredited as a "National Enterprise Technology Centre".





4 August - Shanghai

- Being an Expo basketball ambassador, I took the opportunity to visit the China and US pavilions in the Shanghai World Expo. I also presented a pair of autographed ANTA basketball shoes to Expo officials for their hospitality.

5 August - Shanghai

- It was exciting to meet huge crowds of my fans during a marketing event at Grand Gateway. A beautiful girl gave me a surprise kiss while we were exchanging souvenirs! Besides, my autographed fingerprint has been put on permanent display at Grand Gateway ANTA store to commemorate the tour.



8 August - Beijing

- Just before the China tour drew to a close I visited the headquarters of "Titan Sports" weekly newspapers and was interviewed by CCTV News Channel and Sina. I also took the opportunity to express my gratitude to all my fans and basketball enthusiasts in China for their support through these popular broadcast and online media. Hope to see you all again soon!

420



LUIS SCOLA

Luis Scola's China Tour: Road to Glory



29 May - Beijing

- I am very excited about returning to China for my second tour with ANTA Sports. It's great to go on to CCTV5 and say hello to my Chinese fans.

30 May - Beijing

- I am honoured that my cooperation with ANTA Sports for basketball promotion in China has been extended. ANTA's "Phoenix" basketball shoes are tailor-made to strengthen my on-court performance. In order to nurture basketball talents, I joined the CUBA training camp to share my years of experience in basketball with aspiring college players. Their hard work and passion reminded me of my early days when I just started out. I am confident that they will go on to become a powerful force of the Chinese basketball league.



1 Jun - Harbin

- ANTA Sports and its sponsored CCTV5 basketball programme, "HOOPARK", co-hosted "My Basketball Dream" rookies' tryout. As a special guest of the opening ceremony, I played a series of one-on-one friendly matches with young players. They delivered some fine performances and I really enjoyed the enthusiastic atmosphere during the games.



3 Jun - Shanghai

- It was a great and meaningful day for me! I visited the China and Argentina pavilions in the Shanghai World Expo with children affected by the earthquake in Yushu, Qinghai. I also played basketball with the lovely children and gave them ANTA Kids sportswear so that they could share the joy and excitement of basketball.

4 Jun - Nanjing

- Huge crowds of my fans arrived early at Confucius Temple Square. There were roaring cheers and applauses among the crowds when I appeared in the marketing event. We all had great fun that day with the exciting activities and basketball games.



5 Jun - Guangzhou

- My tour ended with a visit to the ANTA store on Shangxiajiu Road and an interactive event at Liwan Plaza. My enthusiastic fans left me with great memories and I promised to do better in coming seasons to thank for their support.





Tennis



DARE
TO BE
PERFECT



Mass Market Performance-based Tennis Series

Rising affluence and more available sports facilities have helped to boost popularity of tennis in China, thus creating a growing demand for performance-based tennis sportswear. The trendy appeal of tennis products also gains attraction from female and white collar consumers. To capitalise market opportunities, ANTA Sports has been expanding our tennis product portfolio since 2009, which was proven to be a great success in extending our influence in the tennis sportswear market.



ANTA Sports' endorsement of the world's renowned female tennis players, Zheng Jie and Jelena Jankovic, boded well for our ambition in the female tennis sportswear market. Equipped with ANTA tennis sportswear, our endorsers delivered superb performance in important tournaments in 2010. Zheng Jie reached the semi-final of Australian Open 2010, the best ever result in her tennis career. She also won her 12th career doubles title at the Malaysian Open 2010. Jelena Jankovic, on the other hand, clinched victory in the BNP Paribas Open 2010, winning her 12th career singles title in professional tournaments. Their excellent performance was a strong boost to the credibility of the ANTA brand.

ANTA Sports also worked with the endorsers closely in various marketing events to promote tennis in China. Zheng Jie and Jelena Jenkovic attended fans' gathering and interacted with tennis lovers. We sponsored the Zheng Jie Youth Tennis Competition where Zheng Jie presented in the match to show support to the young tennis players. ANTA Sports is also keen to nurture future stars through the sponsorship of ANTA Cup-2010 Xiamen Golden Bridge-ITF International Junior Tennis Tour.



Tennis is a vigorous sport and it is important for consumers to choose the right shoes to prevent injuries. Our design and R&D team closely monitored the physical condition of our endorsed players to tailor-make the best sportswear for them. In our quest to meet market demand for tennis products of different styles and designs, we pay particular attention to the designs of products and the application of different materials. In addition, we have adopted A-PS cut, an advanced 3-dimensional measurement technology for more accurate cutting to enhance the level of comfort that our tennis sportswear affords.





Running

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



Mass Market Performance-based Running Series

ANTA Sports' running series continues to be our top-selling product category, reflecting the strong popularity of the sport in China. The Group has launched an extensive range of running products to target customers with different needs and preferences. By optimising the A-Jelly and other core technologies, we have further enhanced the value of our products and have provided consumers with the greatest running experience while successfully sustaining our lead in this area.

The Group continued to sponsor the Olympic Day Run following the success last year. The event, held under the theme of "Olympic Spirit Keeps Moving, Run for a Healthy China", attracted nearly 20,000 enthusiasts in 9 cities to share the joy of running. The Group was also the sole equipment and sportswear sponsor of the Dalian International Marathon and the Yangzhou Jianzhen International Half-Marathon. Outfitted by ANTA's running gear, our endorsed marathon runner Chen Rong won the 2010 Dalian International Marathon championship. The sponsorship have helped promote the "Sports for All" spirit among the public by encouraging them to incorporate sport activities into their daily lives.

Our focused marketing campaign has successfully strengthened ANTA's association with running. We continue to integrate TVC and in-store marketing to promote our running products, and more importantly to educate the public of the significance in choosing the right running shoes that offer maximum protection and have the functionalities that meet their particular needs. Coinciding with the launch of the upgraded A-Jelly running shoes, we have launched the "Power of A-Jelly" online

game and an interactive website (<http://anta.youku.com/>) to raise public awareness of our unique A-Jelly technology, thus to enhance the sales performance of our products and the desirability of our brand.

ANTA Sports is fully committed to continually improving the technologies of our running products. For instance, the Group has further optimised the application of A-Jelly technology from semi shoe sole to whole shoe sole. The upgraded product has improved cushioning and resilience on the sole and provides maximum protection



for injuries on uneven surfaces. These value-added products have successfully expanded our product portfolio and make our products ideal for professional runners and consumers with higher purchasing power who demand maximum quality and functionality.





Sports Lifestyle Series



NUMBER OF SPORTS
LIFESTYLE | **749**
SERIES STORES

1F 男子	
男装 / 男	Children & Baby
运动系列	Children
休闲系列	Teen
户外系列	Young Adult
商务系列	Family
户外系列	Outdoor
休闲系列	Home
运动系列	Special Collections
2F 女子	
服装 / 女	Children & Baby
运动系列	Children
户外系列	Teen
商务系列	Young Adult
户外系列	Family
休闲系列	Outdoor
运动系列	Home
儿童装	Special Collections



Mass Market Sports Lifestyle Series

Besides performance-based sportswear, the Group sees strong market potential for trendy leisure sportswear in the mass market. With rising living standards, consumers are looking for sportswear to show their style and individuality. In order to tap into this market segment, ANTA Sports made a leap in product diversification by launching Sports Lifestyle series in late 2008. Evolving from the core ANTA brand, Sports Lifestyle series' black logo accentuates the trendy focus to appeal to younger consumers who value individualism and freedom. Targeting teenagers and young working adults aged

15 to 28 in the mass market, the current series have sneakers with matching apparel and accessories.

By utilising our product development and marketing initiatives, we are able to inject trendy and topical elements into our Sports Lifestyle product range, helping to ensure that they are at the forefront of the youth



launched the "Wild Africa" series. We limit the quantity for each series to highlight product features and for better inventory management.

Apart from launching marketing activities that are aligned with product themes, we also keep a close tab on the trend in sports in the youth market to captivate our target audience. Riding on the increasing popularity of X Games, the Group rolled out a marketing campaign featuring stunts by trial bike and parkour expert, Yan Xiayan, who has a large following of teenage fans. The Sports Lifestyle series website is also regularly updated (http://www.anta.com/anta_fashionstars/) with the latest product and store updates. To tighten the bonding with target consumers, different display style is applied to highlight the stylish and unique image of the Sports Lifestyle series. As at end of 2010, there were 749 Sports Lifestyle stores (2009: 343), representing a net addition of 406 stores.



fashion market. The Sports Lifestyle series emphasises creative blend of design and colours while applying fashionable materials to make products stand out from others. The Group devised designated product theme in each season such as "Cool Play", "Vintage" and "Street Dance". As the football fever of the 2010 FIFA World Cup in South Africa swept through the world, ANTA Sports





Kids Sportswear Series



NUMBER OF
KIDS
SERIES STORES | **383**



Mass Market Kids Sportswear Series

Driven by China's fast-growing economy and sustainable growth in GDP, the children sportswear market has experienced steady growth in the past few years. Under the "One-Child-Policy" and "Sports for All" movement, parents are more willing to spend money on their children to ensure their well-being. As parents become more aware of product quality and safety issues

in China, they are increasingly drawn to reputable brands that offer quality products. ANTA Sports introduced Kids sportswear series in late 2008 to satisfy the demand for reliable and value-for-money products for children in the mass market.

Targeting children aged between 8 and 14, Kids sportswear series aims to introduce the ANTA brand to children at an early stage of their life and to nurture their love for sports. The design and marketing of the products also take into account the special needs of children and parents. Drawing on our extensive experience in providing adult sportswear products, the Group has an R&D team dedicated to studying the shape and characteristics of children's feet and body to develop products that are most suitable for them. Special attention is also paid on the selection of raw materials and design details to minimise the possibility of skin allergy and to enhance the comfort and protection level of products. In addition, we continue to expand our product offerings in order to enhance customers' experience and promote their sense of brand loyalty along their childhood.

The Group focuses on launching marketing initiatives that are tailored to the taste of children, with a particular emphasis on the importance of sports as well as child health and personal development. During the year, we held drawing and photography competitions to inspire creativity in children and increase their bonding with our brand. The Internet is one of the most popular and widely used channels for parents to get information. In view of this, ANTA Sports has further enhanced the product website (<http://www.antakids.com/>) and Bulletin Board System (BBS) (<http://www.antakids.com/bbs/>) for parents to exchange their views and share health care information with the Group. Using an eye-catching orange-coloured logo and lively store displays, the image of our Kids sportswear stores mirrors the healthy and happy lifestyle of children. During the year, we strategically expanded the network to increase our presence in the children sportswear market. The number of Kids sportswear series stores grew from 228 at the end of 2009 to 383 at the end of 2010, representing a net increase of 155 stores.





Fila Business



THE GAME NEVER

LOOKS THE SAME AGAIN

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



High-end Market

The "FILA" brand is a well-known global sportswear brand targeting the high end market segment. It is 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 Macao is strategically important for extending the brand's reputation to the PRC market.

In order to raise the brand awareness and impact on the younger elite groups in the PRC high-end sportswear market, the Group is planning to rejuvenate and reposition

Fila brand in China by launching a series of rebranding and marketing campaign to boost the brand recognition.

FILA stores with smart and refreshing display layout will be rolled out to impress trendy consumers in the first and second tier cities. As at 31 December 2010, the Group's distributors have been operating nearly 200 Fila outlets in major cities of the PRC and the Group has nearly 10 Fila outlets in Hong Kong and Macao.

Since the acquisition of the Fila Business in the PRC in 2009, 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. In addition, the Group has also introduced OEM with extensive experience in serving international brands and high-end customer markets to strengthen Fila's supply chain.

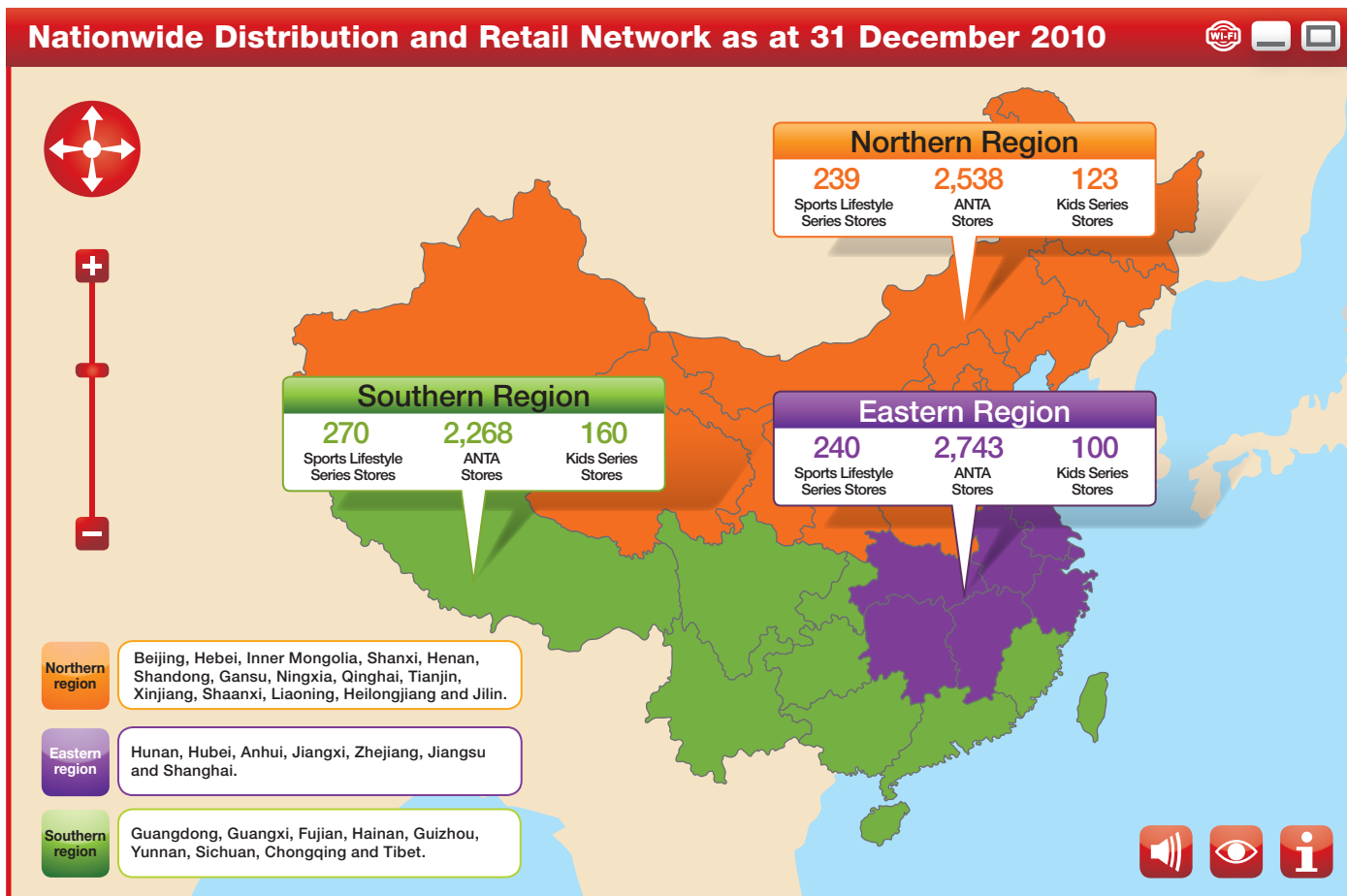
Through innovative design, luxurious materials, and attention to detail, the Group will mix the heritage of Fila design with the fashion elements taking into account the preferences and physical characteristics of Chinese consumers to offer a new look of Fila products to the PRC market.

With the above branding and product strategies and the strong management team, we believe that the Fila business in the PRC will become another growth driver for the Group.





NATIONWIDE DISTRIBUTION NETWORK



ANTA Brand in China Market

ANTA Sports believes our business' sustainability is closely linked to the health and soundness of the distribution network. With this belief, we have built over years an extensive network and an effective management system which extend our surveillance down to the store level. Furthermore, ANTA Sports has established a strong bonding with our regional distributors and franchisees, which enhances our network execution capabilities and our responsiveness to market changes. We all uphold the target of continuous optimisation of store efficiency

and profitability to ensure our network remains competitive and sustainable in the long term.

- **Extensive ANTA Retail Network**

To match mass market orientation, ANTA Sports continues to penetrate into high growth areas with a primary focus on second and third tier cities to capture opportunities brought by urbanisation and wage increases. As at 31 December 2010, the number of ANTA stores grew by 958 to 7,549 (2009: 6,591). We further optimised the store size and location to boost retail performance and brand image. Total sales floor area and average sales floor area per store were approximately 872,000 sq. metres and 116 sq. metres respectively. Taking advantage of popular e-commerce platforms such as taobao.com, letao.com and amazon.cn, the

Group successfully captured the booming demand from online shoppers.

- **Effective Network Planning and Management System**

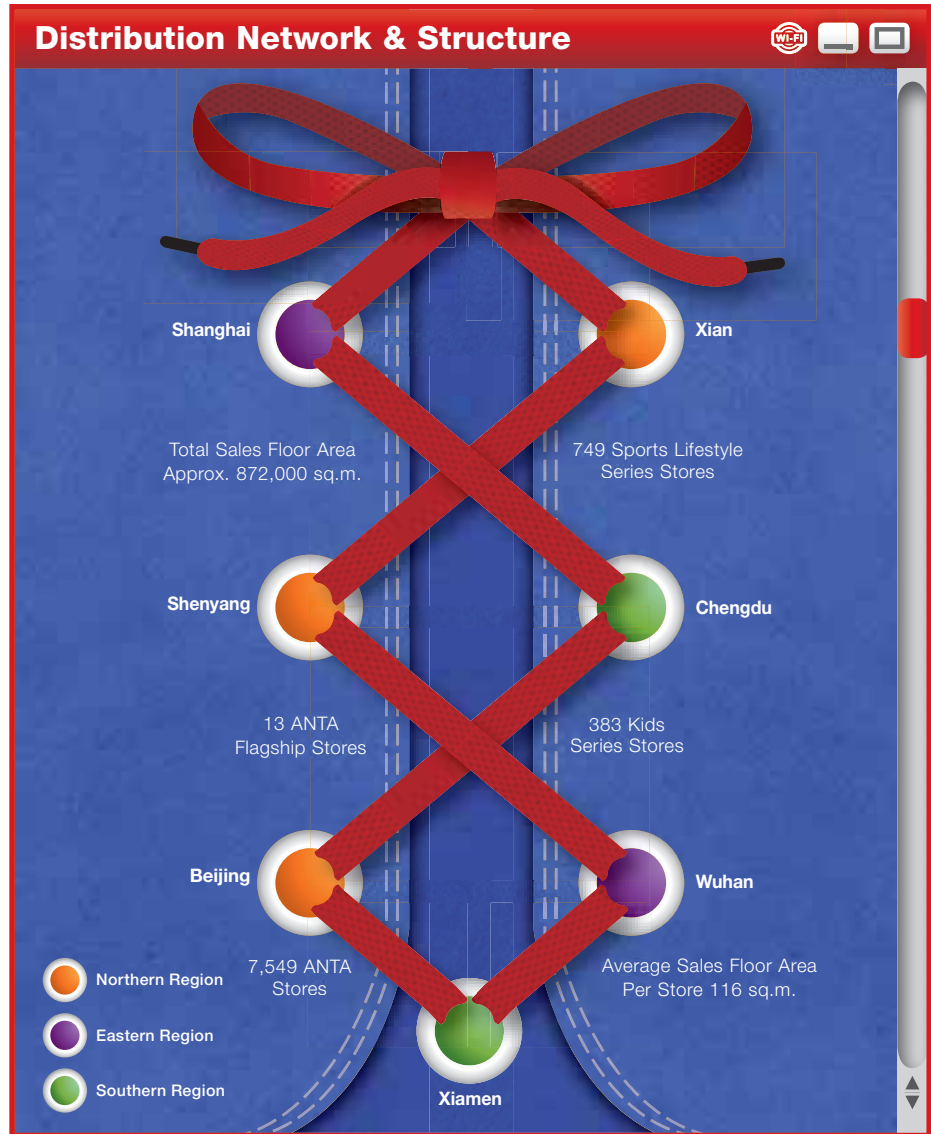
From the outset, ANTA Sports aimed to a lean and effective network structure with clear accountability and responsibility. The Group currently manages the nationwide distribution network through approximately 60 regional distributors who take up the primary responsibilities of monitoring and guiding franchisees. Our sales team located in 3 regional centres and 7 branch offices offers timely support and ensure effective communication with distributors and franchisees.

Over the years, the Group has developed a comprehensive management system to oversee network development and monitor retail performance. Store performance data are collected through an ERP system and weekly reports submitted by POS. The analyses of those data not only allow us to evaluate the performance of different regions but also helpful to identify opportunities and problems in the network. For instance, we share the insights we learn from historical trends to distributors and franchisees and guide their annual store expansion plans and trade fair order estimates, the accuracy of which will directly affect the stores profitability. The Group actively involves distributors in the setting of key performance targets and provides appropriate incentives so that distributors and franchisees will have clear benchmark of what level of inventory and discount level they should achieve. The above measures help ANTA Sports remain highly competitive in gaining market share.

ANTA Sports sees distributors and franchisees as our long term partners and is committed to enhancing their management capabilities and profitability. In addition to routine guidance and providing manuals to our retailers, the Group conducts nationwide training to reinforce and standardise retailers' knowledge on product, decoration and display, customer service and inventory management.

• **Outstanding Store Image**

In order to sustain our leadership in the mass market and brand desirability, ANTA Sports insists on projecting a consistent store image. POP materials are also standardised to highlight the marketing themes of the season. Furthermore, the Group provides display equipment to encourage the adoption of the latest 5th-generation store layout and image. As at 31 December 2010, 85% of stores (2009: 78%) have been upgraded to the 5th-generation standard. The outstanding layout and display at 13 ANTA flagship stores in first tier cities have given our brand image a big boost. The Group has also set up the “COC



Corner” and “Grand Basketball Corner” in key stores to spotlight special product series.

ANTA Brand in Overseas Markets

In view of the gradual recovery of the global economy, the Group has endeavoured to expand our presence in selected overseas markets. The Group’s overseas distributors have opened ANTA stores and concessionary

counters in Southeast Asia, Eastern Europe and the Middle East. Our value-for-money products with good quality and functionality have received favourable responses in these markets. Our collaboration with the COC and renowned endorsers such as Kevin Garnett, Luis Scola and Jelena Jankovic also has helped strengthen ANTA’s international exposure, laying a solid foundation for our future growth in overseas markets.



E-COMMERCE

| HOME | HELP | LOG IN | NEWS | CURRENCY | ITEMS | VIEW CART | ORDER HISTORY

SHOP BY: BRAND SPORTS CATEGORY WHAT'S NEW ANTA PROJECTS SEARCH GO



ANTA newsletter

Sign up for our newsletter and keep updated to the new products and marketing campaigns

GO

Latest news



2010 Q4 to 2011 Q1
Kevin Garnett's Marketing Campaign



2010 Q3 to 2010 Q4
"Support China Altogether"
Marketing Campaign



2010 Q2 to 2010 Q3
A-Jelly Technology's Marketing
Campaign



2010 Q1 to 2010 Q2
"I Love CBA" Marketing Campaign

WHAT'S NEW



Kevin Garnett Designated Basketball Shoes
Basketball Series | Dec 2010



A-Jelly Running Shoes
Running Series | Oct 2010



Jelena Jankovic Designated Tennis Shoes
Tennis Series | Aug 2010



Luis Scola Designated Basketball Shoes
Basketball Series | Aug 2010



Hydrogen Running Shoes
Running Series | Oct 2010

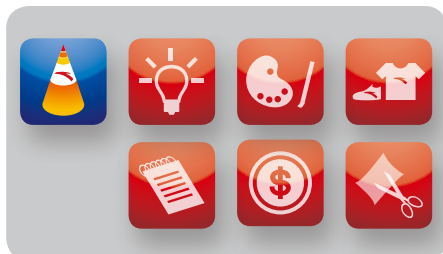


COC Liscensed Footwear Product
COC Series | Oct 2010

▶ next page



SUPPLY CHAIN MANAGEMENT

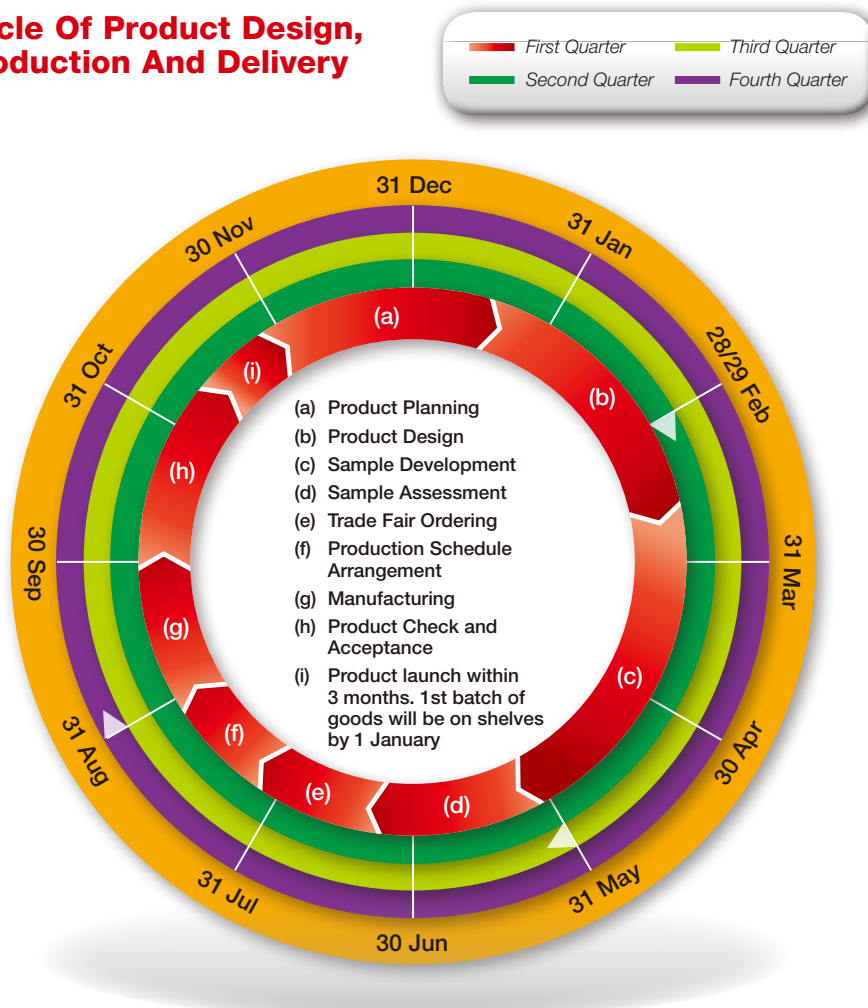


The recognition of 9-year top seller of travel and sports shoes in China illustrates our leadership in product quality and design in the mass sportswear market. Product innovation and differentiation always are at the top of our priority list. The Group spares no effort to enhance our product value and to optimise the product mix while offering consumers the best value for money. To increase our responsiveness to market changes, the Group has taken steps to help ensure our supply chain management and operational procedures remain cost effective and competitive.

Supply Chain and Operational Management

Based on years of experience on cost control, the Group further improved our workflow and cost monitoring systems to remain effective amidst rising inflationary pressures. Leveraging our extensive supply chain network, our procurement team worked closely with suppliers, OEM and ODM to monitor and share information of the cost trends of key raw materials. Meanwhile, we also extended collaboration with high quality OEM and ODM. The Group also identified critical manufacturing processes to save costs and reduce wastage. Moreover, we ordered materials with OEM and ODM to enjoy mass-purchase discounts. All these help ANTA Sports and our supply chain partners sustain operational efficiency and profitability in the long run.

Cycle Of Product Design, Production And Delivery



Product Innovation

ANTA Sports believes technological invention and cutting-edge design are essential to sustain our leadership in the mass market. We continue to strengthen our internal R&D and design capabilities and collaboration with external institutions to seek for breakthroughs.

Using the right materials in the manufacturing of products not only helps save costs but

also enhances the value of the product and the customer's enjoyment. The Group cooperates with Huntsman Corporation to use an anti-bacteria technology, A-Antiseptic to prevent skin allergy and odour, thus making our products more comfortable for customers. Using the advanced fabric protector technology Teflon® of DuPont™, our apparel products are more durable and offer long-lasting protection against oil-and water-based stains and dust. Meanwhile, the Group applies 3M™ Thinsulate™ Ultra



ANTA'S Footwear Technology



A-SPRING

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

A-HARDCOURT RB

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

A-CORE

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

TALOON

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

A-COOL

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



PRS

PRS rotate system facilitates greater agility on the feet when spinning

A-FORM

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

SUPER FLEXI

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

A-WEARABLE RB

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

AUTO-arch

AUTO-ARCH enables greater torsion control and improves stability

SIDE-BACKER

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

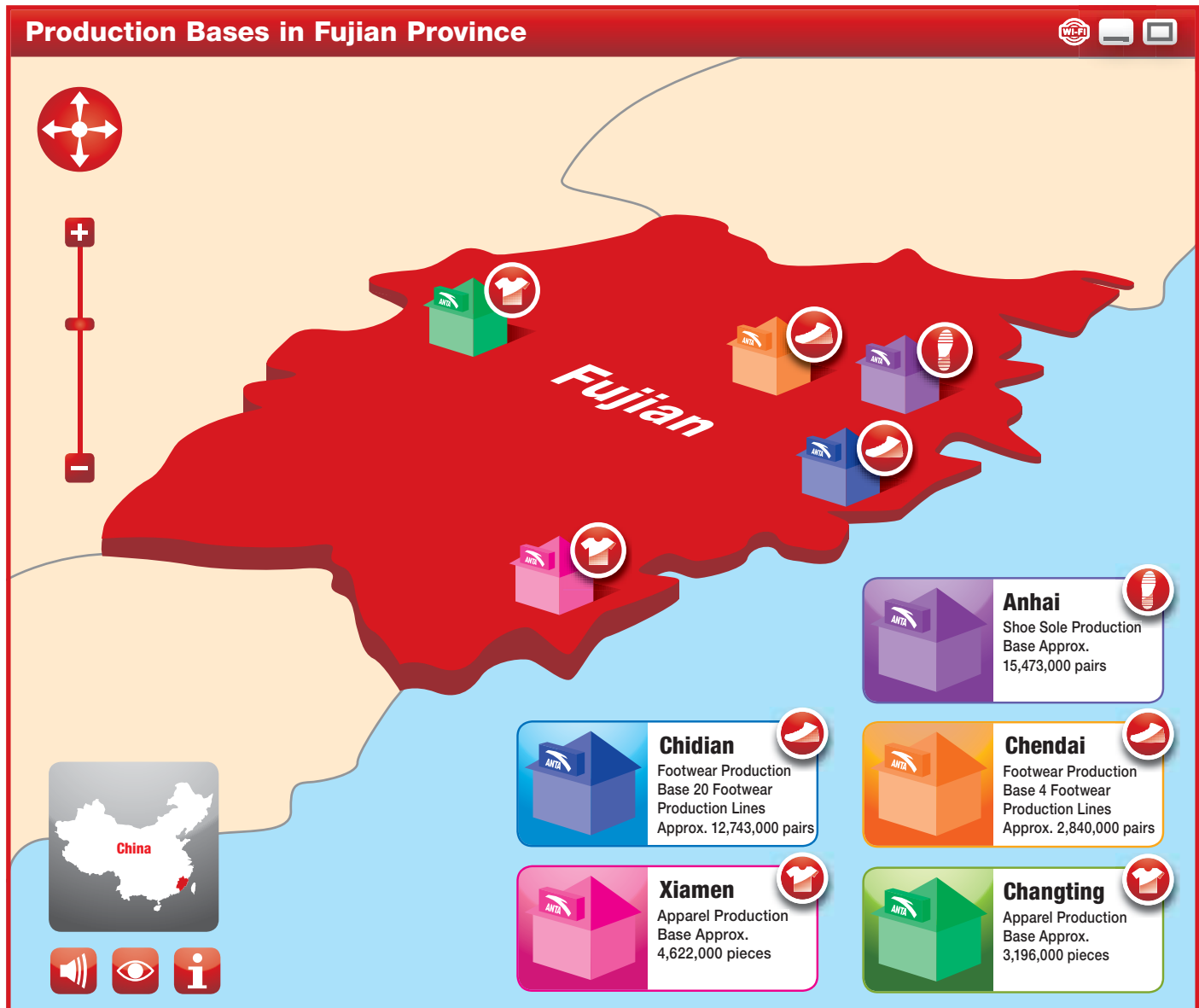
A-JELLY

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

Insulation in the winter sportswear series, a fiber thermal insulation which provides exceptional warmth, which is also light and breathable that fits consumers in cold areas. The Group also applies A-organic cotton in support of low carbon living. The above initiatives not only have made our products more durable, functional and eco-friendly, they also promote a greener way of life.

During the year, we continued to perfect the A-Jelly and core technologies to enhance and diversify our product range. In particular, the Group introduced approximately 2,100 new footwear products, 3,700 pieces of apparel and 2,000 accessory items, to ensure our portfolio of products meet the different tastes and needs of consumers. Moreover, our cooperation with the COC

and the CSD has created an ideal platform to explore and experiment the cutting edge technology and fabrics for professional athletes. We have seized this invaluable opportunity to enhance our product innovation capabilities which has provided a significant boost to the technology of our mass market products.



Production Capabilities

The Group strategically optimised the mix of our in-house and outsourced production to increase the responsiveness to consumers'

preferences and market changes. During the year, approximately 15.6 million pairs of footwear and 7.8 million pieces of apparel were produced in-house. The proportion of self-produced footwear and apparel being

procured was 41.1% and 15.6% (2009: 41.9% and 17.2%) respectively. The graph above sets out the details of the Group's production bases and the quantity of products manufactured during the year.



Our ANTA Technology Centre



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



Quality Control

Consumers not only demand stylish and trendy designs, but also comfort and protection in sportswear. ANTA Sports has applied stringent quality control measures as early as in the product planning stage to ensure all our products are of premium quality. Our ANTA Technology Centre has adopted stringent testing standards to closely monitor

the supply of raw materials, production process and finished products at our own factories and at suppliers' production facilities to ensure compliance with national quality standards.

Our efforts in offering the best quality products have been recognised by the industry over the years. During the year, the Company received the "ISO9001: 2008

certification" on quality management. Quality Control machines developed by our ANTA Technology Centre successfully obtained patents from the State Intellectual Property Office of the PRC. We are the members in national and industry standard setting committees, which enables us to contribute to the advancement of the whole sportswear industry as well as to maintain our lead in the mass market.





FINANCIAL REVIEW

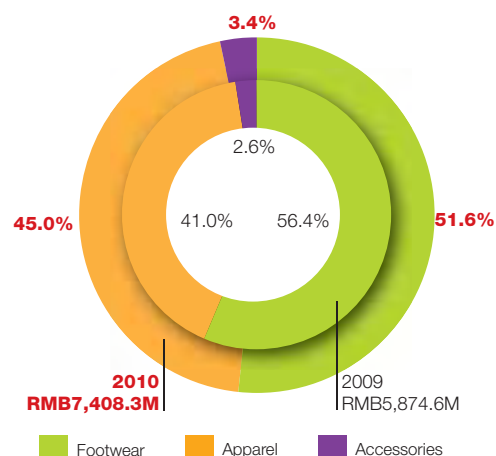
Turnover Breakdown by Product

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

Year ended 31 December					
	2010		2009		Changes (%)
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Footwear	3,824.9	51.6	3,315.3	56.4	↑ 15.4
Apparel	3,333.0	45.0	2,409.9	41.0	↑ 38.3
Accessories	250.4	3.4	149.4	2.6	↑ 67.6
	7,408.3	100.0	5,874.6	100.0	↑ 26.1

During the financial year, turnover increased by 26.1% as compared with 2009 because of the increase in ASP, additional product

offerings and expansion of the distribution network. The share of apparel and accessories in sales increased from 43.6%

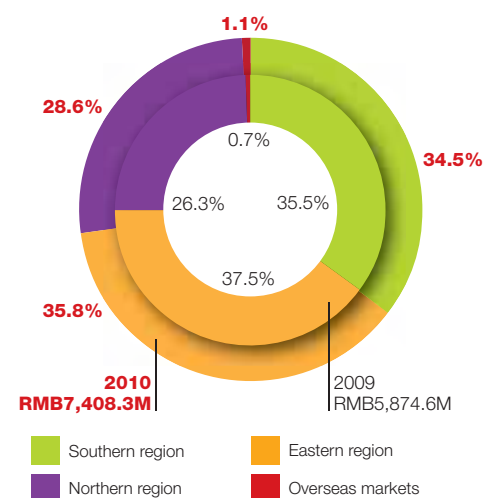


for 2009 to 48.4% for the financial year. It reflected that our apparel and accessories design was well received by the market.

Turnover Breakdown by Region

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

Year ended 31 December					
	2010		2009		Changes (%)
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Eastern region ⁽¹⁾	2,647.6	35.8	2,203.7	37.5	↑ 20.1
Southern region ⁽¹⁾	2,559.5	34.5	2,083.1	35.5	↑ 22.9
Northern region ⁽¹⁾	2,118.9	28.6	1,544.9	26.3	↑ 37.2
China market	7,326.0	98.9	5,831.7	99.3	↑ 25.6
Overseas markets ⁽²⁾	82.3	1.1	42.9	0.7	↑ 91.8
	7,408.3	100.0	5,874.6	100.0	↑ 26.1



The increase in turnover in the northern region was notable because of our continuous effort to balance the business among regions and to lessen the seasonality effect on our supply-chain.

Notes:

(1) For details of region coverage, please refer to page 46.

(2) Overseas markets include Eastern Europe, Middle East and Southeast Asia.

Analysis of ASP, Volume and Average Costs

The following table sets out the ASP, the volume and the average costs of footwear and apparel sold respectively for the financial year:

Year ended 31 December									
	2010			2009			Changes		
	Total number of units sold (thousand)	ASP (RMB)	Average costs (RMB)	Total number of units sold (thousand)	ASP (RMB)	Average costs (RMB)	Total number of units sold (%)	ASP (%)	Average costs (%)
Footwear	38,430	99.5	55.1	34,643	95.7	53.2	↑ 10.9	↑ 4.0	↑ 3.6
Apparel	50,628	65.8	39.0	39,834	60.5	36.9	↑ 27.1	↑ 8.8	↑ 5.7

Notes:

- We do not include details of the ASP, the volume and the average cost of 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.
- ASP represents the turnover for the financial year divided by the total number of 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 ASP.

Volume

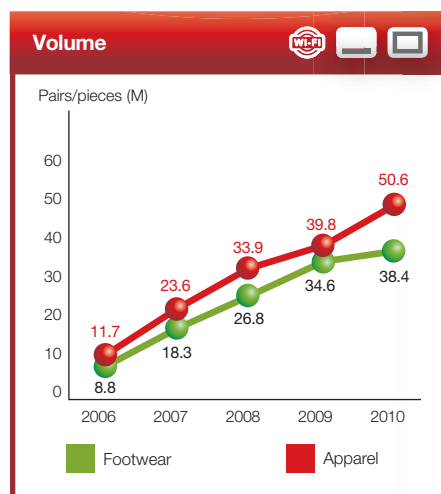
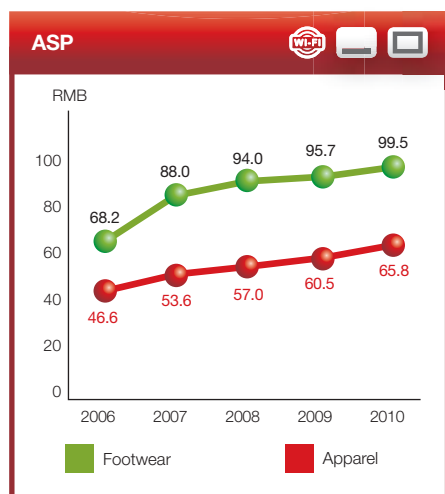
- Enhancement of brand and store image and the opening of flagship stores at prime locations are crucial factors for improving the quality of the distribution network and creating opportunity for further expansion of the distribution network to other potential markets. During the financial year, the 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 Costs

Although average costs have been increased, the Group still can maintain ASP growth exceeding average costs growth as the Group has taken the following measures:

- Early purchase of raw materials 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.

Despite growing cost pressure, the Group has dedicated to expand our design team and further upgrade our product offerings so as to maintain competitiveness.



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					
	2010		2009		Changes
	(RMB million)	(% of cost of sales)	(RMB million)	(% of cost of sales)	(%)
Self-production					
Raw materials	529.4	12.5	518.1	15.2	↑ 2.2
Direct labour	315.9	7.4	258.0	7.6	↑ 22.4
Overhead	206.7	4.9	207.3	6.1	↓ 0.3
	1,052.0	24.8	983.4	28.9	↑ 7.0
Subcontracting arrangement					
Raw materials	320.6	7.6	299.0	8.8	↑ 7.2
Subcontracting charges*	244.0	5.7	225.1	6.6	↑ 8.4
	564.6	13.3	524.1	15.4	↑ 7.7
Outsourced production					
OEM/ODM	2,621.1	61.9	1,894.2	55.7	↑ 38.4
Total	4,237.7	100.0	3,401.7	100.0	↑ 24.6

* 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 subcontracting arrangements to meet with the increasing demand of distributors rather than only relying on OEM/ODM so that the Group is able to increase its lateral production capacity while maintaining control over several production processes.

Gross Profit and Gross Profit Margin Breakdown by Product Category

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

Year ended 31 December					
	2010		2009		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	(% points)
Footwear	1,706.6	44.6	1,470.9	44.4	↑ 0.2
Apparel	1,358.7	40.8	940.2	39.0	↑ 1.8
Accessories	105.3	42.1	61.8	41.4	↑ 0.7
Overall	3,170.6	42.8	2,472.9	42.1	↑ 0.7

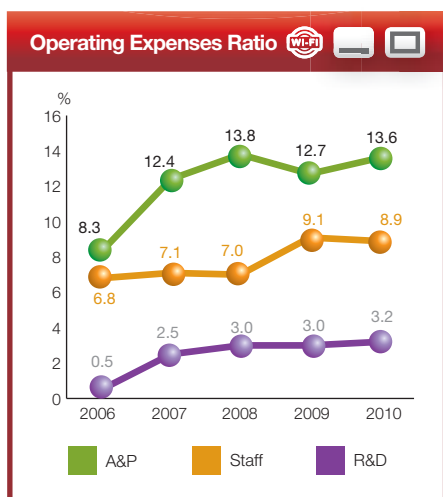
As the increases in ASP of footwear and apparel were greater than the increase in average costs, the gross profit margins for both products increased during the financial year.

Other Revenue

Other revenue for the financial year mainly represented government grants of RMB33.3 million (2009: RMB23.8 million).

Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has increased by 0.9% points for the financial year as we have spent more budget on basketball, Winter Olympic and Asian Games in 2010. The ratio of staff costs to turnover has decreased by 0.2% points as our management team has achieved operational efficiency during the financial year. The ratio of R&D costs to cost of sales has increased by 0.2% points in line with the Group's R&D strategy.



Operating Profit Margin

Operating profit margin decreased by 0.3% points which is lower than the 0.7% points increase in the gross profit margin for the financial year, which was mainly due to the increase in the ratio of advertising and promotional expenses to turnover by 0.9% points.

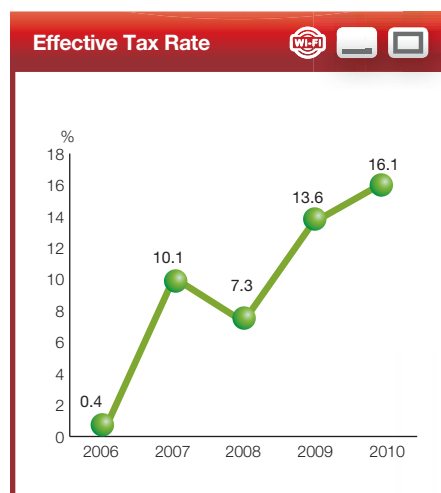
Net Finance Income

The increase in interest income was mainly due to more RMB deposits being placed during the financial year.

Effective Tax Rate

Effective tax rate increased from 13.6% for 2009 to 16.1% mainly because of the following:

- Certain subsidiaries in the PRC which were entitled to a lower preferential tax rate in 2009 have been subject to a higher preferential tax rate since 1 January 2010; and
- Distributions of the earnings accumulated since 1 January 2008 of a foreign-invested enterprise in the PRC to a Hong Kong incorporated investor is subject to a dividend withholding tax of 5%. The Group has estimated the amount of future dividends that 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.



Margin of Profit attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 0.4% points which is due to the 0.3% points decrease in operating profit margin for the financial year and the increase in the tax provision.

Dividends

The Board has recommended a final dividend of HK25 cents per ordinary share in respect of the financial year, together with payment of an interim dividend of HK20 cents per ordinary share, representing a total payout of RMB963.2 million (2009: RMB767.7 million), or a distribution of 62.1% (2009: 61.3%) of the current year's profit attributable to equity shareholders.

Liquidity and Financial Resources

As at 31 December 2010, the cash and cash equivalents of the Group amounted to RMB3,391.2 million (placement of fixed deposits held at banks with maturity over three months totalling RMB900.0 million was regarded as an investing activity), representing an increase of RMB954.1 million as compared with the total cash and cash equivalents of RMB2,437.1 million as at 31 December 2009. The total cash and bank balance (including pledged deposits) was RMB4,300.8 million as at 31 December 2010 (2009: RMB4,006.7 million), representing a 7.3% increase. This is mainly attributable to:



- Net cash inflows from operating activities amounted to RMB1,432.8 million, representing strong working capital management and outstanding operating results.
- Net cash inflows from investing activities amounted to RMB496.2 million, comprising mainly the net decrease in placement of fixed deposits held at banks with maturity over three months by RMB660.0 million, offset by capital expenditure amounting to RMB164.6 million.
- Net cash outflows from financing activities amounted to RMB939.1 million, mainly representing the payment of the final and special dividends in respect of the financial year 2009 and the interim dividend in respect of the financial year, offsetting with the cash proceeds on exercise of share options.

As at 31 December 2010, total assets of the Group were RMB7,054.5 million of which current assets were RMB5,745.1 million. Total liabilities and non-controlling interests were RMB1,376.5 million and total shareholders' equity amounted to RMB5,678.0 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 26.2% for 2009 to 28.8% for the financial year and the return on average total assets increased from 22.6% for year 2009 to 23.6% for the financial year.

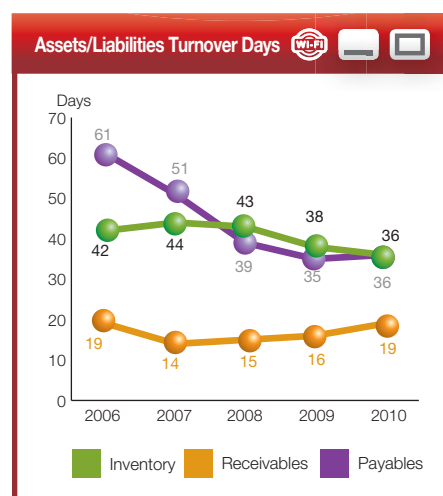
A table analysing the Group's free cash inflow for the financial year was disclosed below.

	2010 (RMB million)	2009 (RMB million)
Operating cash inflow	1,432.8	1,688.7
Capital expenditure	(164.6)	(133.4)
Acquisition of subsidiaries	-	(400.0)
Others	0.8	1.5
Free cash inflow*	1,269.0	1,156.8
Cash and bank balances (including pledged deposits)	4,300.8	4,006.7

* Free cash flow represents operating cash flow minus capital expenditure and others.

Assets/Liabilities Turnover Ratio

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 plus the average trade receivables turnover days remained at a similar level when compared with 2009.



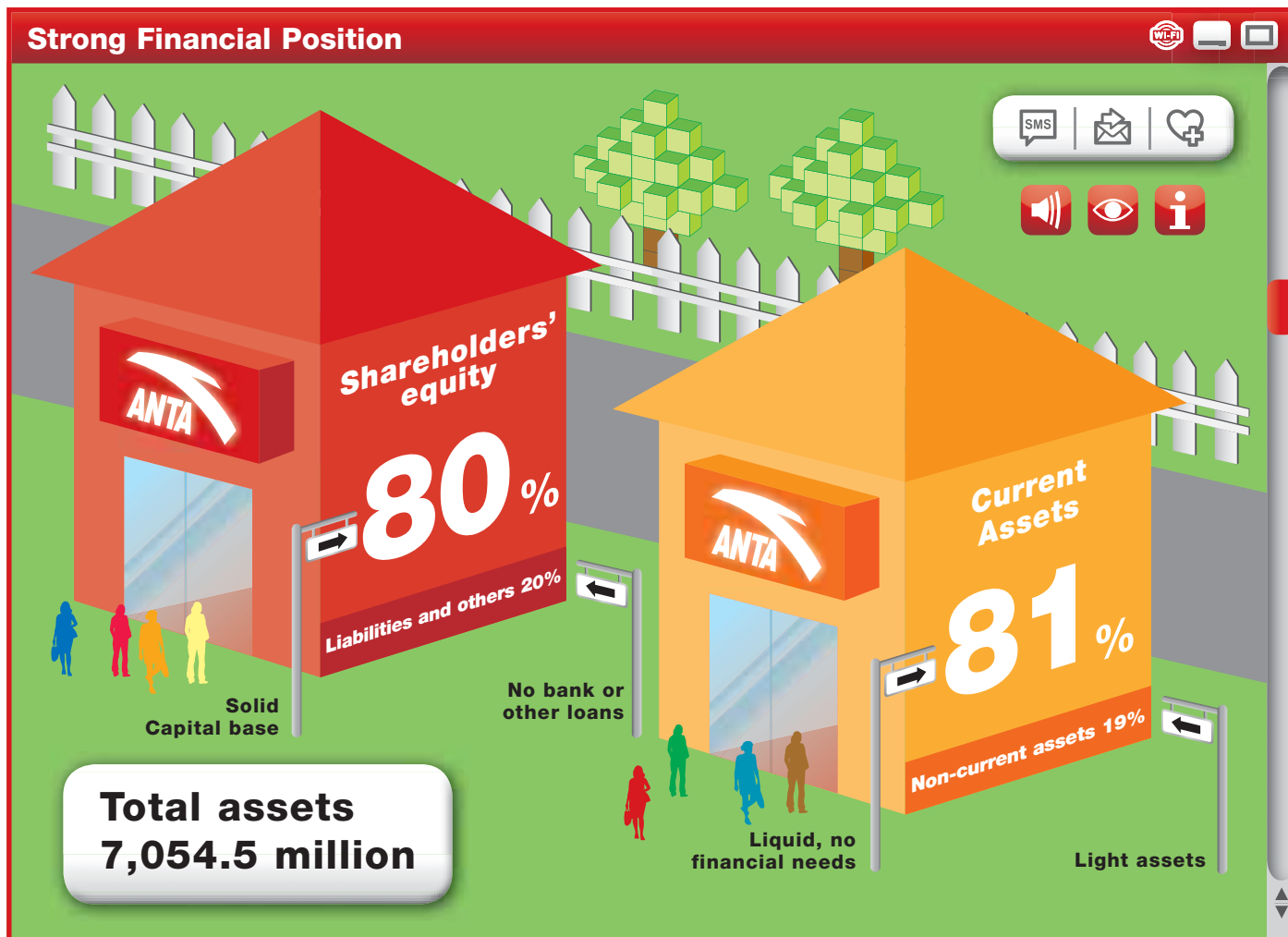
Pledge of Assets

As at 31 December 2010, the Group had bank deposits of RMB9.6 million pledged (2009: RMB9.6 million) to secure bankers' documentary credits for certain construction projects.

Capital Commitments and Contingencies

As at 31 December 2010, the Group had capital commitments of RMB404.8 million, primarily relating to development of new information management systems and the establishment of an operational centre in Xiamen.

As at 31 December 2010, 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, 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

Looking ahead, spurring domestic consumption and ensuring a more equitable distribution of wealth are going to be the two major issues facing China, according to the central government's 12th Five-Year Plan. The policymakers are expected to take steps to raise the nation's income levels and living standards. Riding on the increase of public's purchasing power as well as the promotion of urbanisation and sports participation we expect to see continued growth in the sportswear industry. On the other hand, rising inflationary pressures will bring challenges to all market players, particularly the weaker brands and their retailers. As a result, diverging performances by industry players are expected to see in the coming years. Still, the Group is confident that we can sustain healthy growth and consolidate our leading position despite the challenges by further strengthening our competitiveness to take full advantage of market growth.

Make Full Use of Sponsorship and Endorsement Portfolio

Our commitment to build ANTA into a strong brand is best demonstrated by our efforts to perfect the sponsorship and endorsement portfolio. We are devoted to unleashing the value of such powerful resources to the fullest degree. Marketing



campaigns riding on basketball superstar Kevin Garnett's popularity in China will give our brand value and desirability a strong boost in the basketball market. The Group is also committed to providing more innovative products to help increase the performance of our endorsed athletes and sponsored league players. In the spirit of "Reach Higher" marketing campaign, we hope Kevin Garnett will achieve greater achievements in the NBA matches as he competes in the "KG" shoes tailor-made by ANTA. In addition, we will further strengthen our collaboration with the COC and CSD by rolling out a series of Olympics-themed marketing campaigns and products to better connect ANTA to

our target customers leveraging the CSD's participation in the London Olympics. Our effective use of top-tier sports resources will not only enhance brand equity but also fuel sales growth.

Diversify Product Offerings to Tap Growth

The Chinese government has been actively promoting a healthier lifestyle and sports participation among its people. Rising affluence and a heightened awareness of health among the public have produced a large number of sports enthusiasts. As more women take part in sports and fitness exercises, the Group is ready to capitalise this potential market. We will roll out TVC and POP to coincide with the launching of performance-based products injected with fashion and trendy elements to meet the demand of this growing female market. We will also expand our basketball product offerings to mark the joining of Kevin Garnett to the ANTA family. The Group also sees increasing demand for sports lifestyle products from style-conscious young people who seek individuality. We are therefore devoting efforts to further optimise and expand the product mix of our Sports Lifestyle series to satisfy that need. Furthermore, the Fila business in the PRC also represents a long term growth opportunity for the Group in the high-end market with its unique brand position and stylish products.



Expand Distribution Network with Effective Channel Control

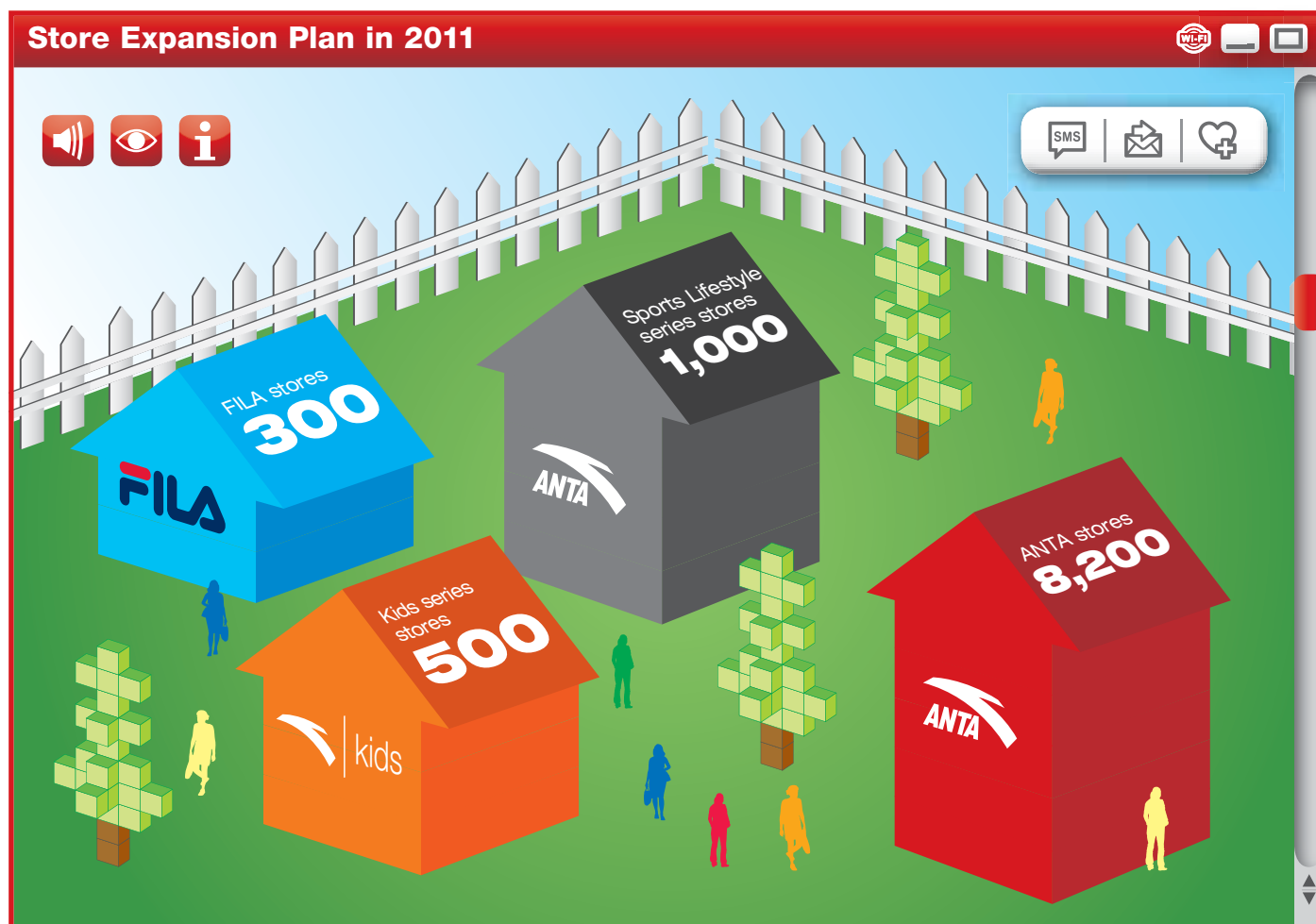
The profitability and health of our distribution network are two of the key strengths of the Group. As second and third tier cities are expected to continue to be the engine for growth we will focus our store expansion efforts in these areas to solidify our leadership. At the same time, we will reinforce our brand image by establishing a stronger presence in big cities and by optimising the decoration and product display on the store level. We will continue to upgrade our network planning and management system to ensure our distributors and franchisees are well-equipped to outperform in the competition. Specific measures will be

implemented to ensure the timely exchange of market information and enhance the operational capabilities of retailers as well as store expansion and trade fair order plan formulation, which are critical to ensure store efficiency and profitability. Meanwhile, e-commerce is another sales channel that we are strategically developing to exploit opportunities in that emerging market.

Optimise Innovation Capability and Operational Efficiency

We prize ourselves on providing innovative and highly functional products for athletes and consumers. With the support of ANTA Technology Centre and external R&D partners, we are well-equipped to achieve

breakthroughs in the technology, design and material of product innovation, and to roll out more value-added products to cater to the different needs of consumers. More importantly, through our advanced operational systems and effective cost control measures we are able to maintain our profitability and help our supply chain partners and retailers to sustain in spite of keen competition in an inflationary environment. The pilot run of the upgraded ERP system at selected ANTA stores will soon begin. The new system will have larger network coverage and we believe it will lift store efficiency with the provision of more timely and insightful information on consumer preferences and market trends. understanding of the market trend.





OUR ENDORSED PLAYER ZHENG JIE

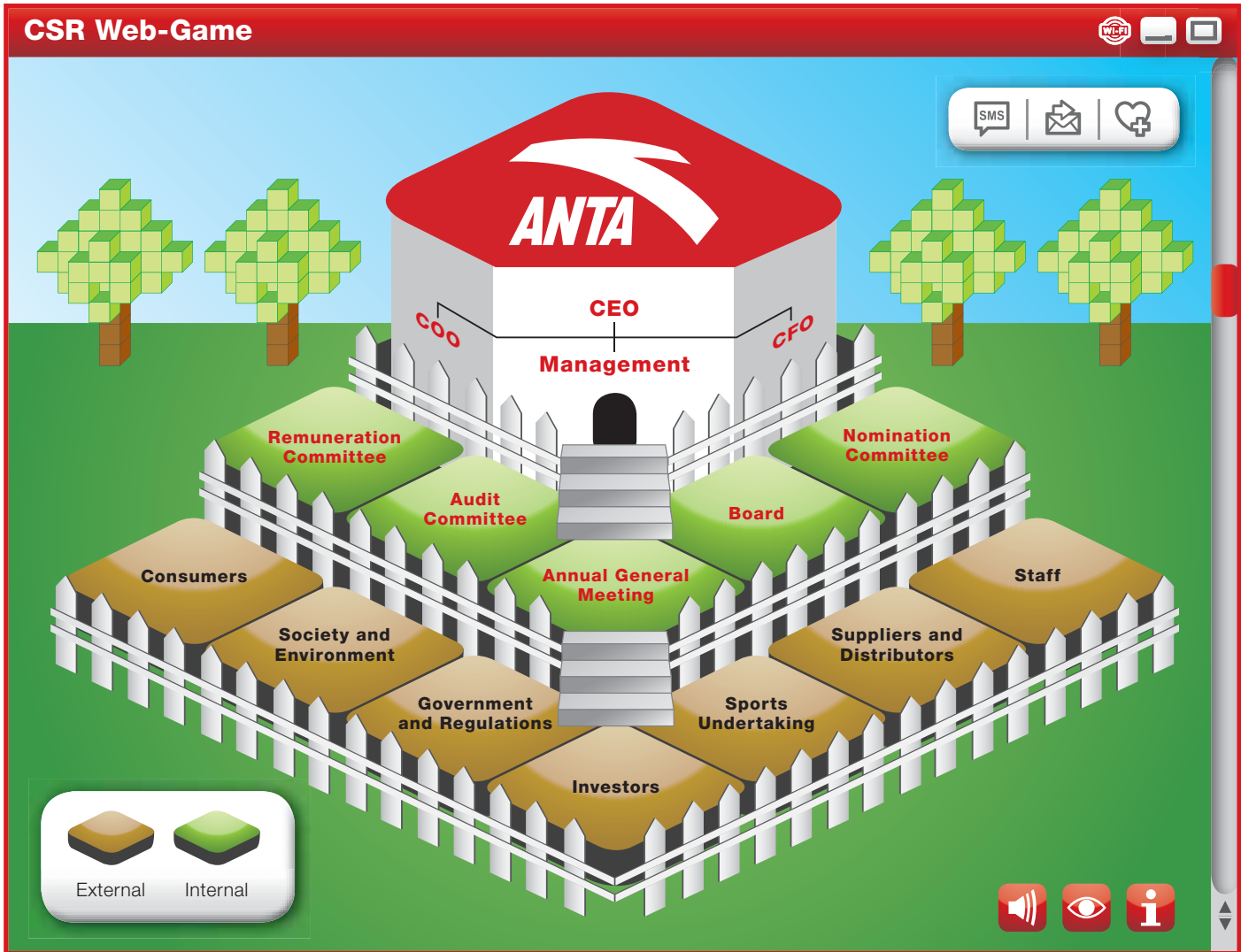


SUPPORT CHINA ALTOGETHER



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

Q



Fulfilling our social responsibility is one of ANTA Sports' core values as we recognise its importance to the sustainable development of our business. Bearing this goal in mind, the Group is fully committed to creating value for our shareholders, business partners, staff and society as a whole. As a responsible corporate citizen, we also work hard to contribute to a better community and a more sustainable environment.

ANTA, Society and the Environment

1. Promote Youth Education and Development

2,020 views

Young people are the future pillars of our society. We believe education is the best investment we as a nation can make to improve the lives of the younger generation and to ensure the future of our society. With this in mind, the Group and our staff have donated money, books, and stationery to schools to help build a better environment for learning. ANTA Sports also places a strong emphasis on the health and well-being of children. To promote sports participation among school children, the Group has joined hands with our endorsed players and employees to give away sportswear and equipment to schools. ANTA Sports' volunteers also took part in the "Joyful Sports" program which aims to spread the spirit and joy of sports among children.

2. Address Community Needs

 2,020 views

ANTA Sports is a keen believer in giving back to society and in the value of charitable work. That is why we encourage our staff, business partners and the public to do the same. In times of natural disasters, the Group has always sprung into action to mobilise relief efforts. Apart from making cash donations to help the people affected by the devastating earthquake in Yushu, Qinghai and the mudslide in Zhouqu, Gansu, the Group also had helped fight the drought in Yunnan by mobilising our distributors and National Rowing Team to distribute drinking water to the local people. During the year, our endorsed basketball player, Luis Scola, demonstrated his care for the children affected by the Yushu earthquake by taking them to the Shanghai World Expo to widen their horizon.



3. Build a Greener China

 2,020 views

At ANTA Sports we embrace the idea of creating a sustainable environment and of building a greener China. To raise public awareness of the importance of environmental protection, we have involved in a on-going tree planting campaign called “Champion Forest”, which has so far held successful tree planting activities in Beijing and Guangzhou. Within the Group, we embed environmental considerations into our major business decision-making processes. In our production operation, we are keen to explore new ways to reduce wastage and conserve energy, and use eco-friendly materials in the manufacturing of our products where possible. Not only do we abide by the relevant environmental regulations and rules, and have gained all necessary permissions and approvals from related regulators, we also encourage our workforce to come up with innovative ways for environmental protection in the workplace to cut our carbon footprint.



4. Ensure Legal Compliance

 2,020 views

We pride ourselves on making every effort to ensure that our operations are in strict compliance with relevant laws and regulations and that this commitment is enshrined in our corporate culture. Regular legal and corporate culture trainings are held to improve our employees' legal compliance knowledge and to help them better appreciate the importance of good corporate governance. To reinforce this commitment, the Group's Code of Conduct lays out our uncompromising anti-corruption policies and guidance on handling conflict of interest situations. In addition, we continue to make improvements to our risk management, internal control and quality control systems. Measures are also being implemented to ensure that proper precautionary and monitoring procedures are in place.



ANTA and Industry

1. Promote the Development of Industry and Sports Undertaking

 2,020 views

The Group is committed to providing every support to lift the country's sporting standards. We believe high-quality professional sportswear and equipment are vital for giving our athletes the support they deserve and need to excel in their fields, which in turn helps improve the country's performance in sports. It is with this belief in mind that we dedicate our efforts to product innovation and to enhancing the R&D capabilities of our ANTA Technology Centre. Through this effort of providing the best performance-based sportswear to our endorsed athletes and sponsored leagues players, we hope to help lift the standing of Chinese athletes on the world stage.



2. Encourage Sports Participation and Nurture Sports Talent

 2,020 views

ANTA Sports believes the higher the rates of sports participation in the general public, the healthier the nation will become and the more sustainable the sportswear industry will be. Therefore, the Group is devoted to raising public awareness of the importance of incorporating sports into their everyday life by sponsoring major sports organisations and sports leagues such as the COC, CBA and CUBA. By offering our support to various sporting events like Olympic Day Run and Dalian International Marathon, we are able to help more people experience the joy of sports. ANTA Sports also enlists the support of our world-class endorsed players to help promote sports participation and to inspire other talented athletes. Over the years we have sponsored events including off-season training camps with CBA and CUBA, "My Basketball Dream" rookies tryout and Zheng Jie Cup Youth Tennis Competition to bring up young athletes.



3. Facilitating Sportswear Industry Advancement

 2,020 views

Product quality is at the heart of our core value and culture. We believe the provision of superior quality sportswear products not only improves the country and its athletes' performance in sports, but also enhances the professional image and credibility of China's sportswear industry as a whole. This is a goal which we are keen to pursue alongside our industry peers, by promoting our view and sharing our experiences. We are members of national and industry standard setting bodies. Through these memberships we are actively involved in the establishment and ongoing improvement of the country's quality standards in the sportswear industry.



ANTA and Staff

1. Create an Excellent Environment and Culture at Work

 2,020 views

Corporate cohesion is one of the key reasons we are able to sustain long term growth. We are dedicated to establishing a strong corporate culture so as to guide our staff to work together to achieve our core values and strategic goals. During the year, the Group continued to reinforce the corporate culture programme with a full range of training and campaign to help our staff and business partners to better appreciate our mission and strategies. We have put in place effective communication channels for suggestions, staff forums and feedback from staff, such as meetings with senior management and employee surveys, to better understand our employees' needs. We also encourage our staff to live out our corporate mission of incorporating sports into their daily life. Sports clubs and competitions are organised for staff to share the joy of sports participation, which also boost staff's team spirit and sense of belonging.



2. Optimise Human Resources Management

 2,020 views

ANTA Sports recognises that our employees are our most important asset. That is why we place a strong emphasis on attracting, retaining and developing the right people. To motivate our employees and to increase their job satisfaction, we offer comprehensive welfare and remuneration packages, in addition to having in place a fair performance appraisal system to reward staff for their contributions. We strive to improve the productivity and competitiveness of our employees by offering extensive trainings, mentorship programme and career development opportunities. We are delighted to see employee satisfaction is rising in our periodic employee surveys, which have provided constructive feedback on the effectiveness of the human resources management system and suggestions for improvements. As at 31 December 2010, the Group had approximately 11,800 employees (2009: 13,300).



3. Safeguard the Rights and Safety of Employees

 2,020 views

Workplace health and safety is a key priority for the Group. We operate in strict compliance with labour laws, regulations and industry practices on areas including child labour and gender equality. We require our business partners to demonstrate a clear commitment to this principle. The Group is committed to safety and workplace improvement activities. In addition to the provision of adequate protective gear and work safety trainings, we also enforce stringent safety guidelines. Our care programme also extends to cover staff's physical and mental well-being, which includes regular health checks and mental health seminars. Furthermore, the Group provides staff with well-equipped leisure and sports facilities, and organises regular outings and leisure activities to encourage our staff to maintain a balanced and healthy lifestyle.



ANTA and Consumers

2,020 views

The Group is committed to delivering the best value to consumers in areas ranging from brand, product and customer service. ANTA's mission is to promote the spirit of sports in people's everyday lives. This philosophy underpins all our branding activities which aim to encourage our customers to lead a healthy and positive lifestyle. In our bid to offer our customers high-quality sportswear products with superior functionality, we have continuously enhanced our R&D capabilities and required our factories and OEM to strictly follow stringent quality control standards. The Group also works closely with our retailers to provide customers with excellent shopping experiences by optimising our store image and service quality. In addition, we emphasise interactions with consumers and seek feedback through various communication channels such as product website, online forum, market survey and customer service hotline.



ANTA and Distributors and Franchisees

2,020 views

The success of our distributors and franchisees ensures the sustainable growth of our business. The Group sees our retailers as a crucial partner in our quest to grow and to prosper together. We strive to appreciate the challenges they face and explore ways to help them overcome those challenges and seize market potential. In addition to providing them with standards and manuals to facilitate their daily operations, our sales teams in 3 regional centres and 7 branch offices maintain effective communications with and offer timely support to retailers. The Group is also dedicated to enhancing the competitiveness and profitability of our retailers by sharing with them market insights and retail performance analyses. Training and guidance are provided to help retailers make key decisions and plans such as store opening, product ordering and inventory management. Furthermore, the Group offers standardised product display equipment and eye-catching POP materials to reinforce a consistent store image.



ANTA and Suppliers

2,020 views

The Group sees our suppliers, OEM and ODM as ongoing partners who are an integral part of the success of our supply chain management. Thus, we are committed to enhancing the product and manufacturing quality as well as the profitability of our business by working together with these partners. The Group provides them with guidelines to ensure consistent practice. Our corporate culture is also communicated to ensure a clear understanding of ANTA's mission and core values. In order to enhance suppliers' operation and productivity, we regularly organise sessions for training as well as experience and knowledge sharing on workflow and in various technical areas. In addition, the Group is devoted to achieving mutual benefits with its suppliers through collaboration, such as collective procurement of materials, to enhance cost effectiveness.



ANTA and Investors

 2,020 views

The Group strictly complies with the Listing Rules to dispatch information to investors and the public on a timely, fair and transparent basis. Regular shareholder meetings, press conferences, company visits and investor/analyst briefings are held to enhance the communication with the public. Senior management also attends investor conferences and roadshows. Useful information and operational updates are available on our investor relations website. Effective communications and timely information disclosure not only enable us to establish credibility with the capital market but also help us gather constructive feedback and ideas to the benefit of our future development. Thus, the Group is committed to further enhancing the quality and transparency of disclosures. We are honoured to have achieved the following accomplishments during the year:

- Included as a constituent of the Hang Seng Corporate Sustainability Index Series
- Swept 5 awards in the “2010 Asia’s Best Companies — China” poll hosted by FinanceAsia, including being voted No. 1 in the “Best mid-cap” category in China
- Winner of the “2010 Corporate Governance Asia Annual Recognition Awards” (China)
- Received 6 awards in the “Corporate Governance Poll 2009” hosted by Asiamoney

Interactions between the Group and the Investing Public





Corporate Profile

As one of the leading branded sportswear enterprises in China, ANTA Sports Products Limited primarily designs, develops, manufactures and markets sportswear, including sports footwear, apparel and accessories. The Group has established extensive distribution network with a leading presence in second and third tier cities in China under the management of regional distributors. The Group places great emphasis on branding by integrating sports resources and sponsorship, advertising and promotional activities and consistent store image to enhance brand and product differentiation. For the past nine years, its footwear has been enjoying a leading position in China composed index on market shares.

Share Information

Listing Day: 10 July 2007
 Board lot size: 1,000 shares
 Number of shares outstanding: 2,493,833,000 shares
 (As at 31 December 2010)

Stock Codes

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

Dividends

HK cents	2007	2008	2009	2010
Interim dividend	—	10	12	20
Final dividend	8	10	12	25
Special dividend	—	8	11	—

IR Contact

If you have any inquiries, please contact:

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 36/F, PCCW Tower, Taikoo Place, 979 King's Road, Hong Kong
 Telephone: (852) 2894 6321 Fax: (852) 2576 1990
 Email: anta@hillandknowlton.com.hk

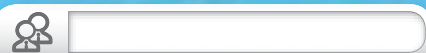
Hot News

- 1 Kevin Garnett
- 2 Luis Scola
- 3 Jelena Jankovic
- 4 Zheng Jie
- 5 Wang Hao
- 6 COC
- 7 CSD
- 8 CBA
- 9 CUBA
- 10 Dalian Marathon



What dates are the most important?

- Peter:** 21 Feb 2011
2010 Annual Results Announcement
- David:** 7 to 11 Apr 2011 (both days inclusive)
Book Closing Date for 2010 Final Dividend
- Jerry:** 11 Apr 2011
Annual General Meeting
- Alan:** 20 Apr 2011
Payment Date of 2010 Final Dividend
- Johnny:** 31 Dec 2011
2011 Financial Year End Date





The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2010.

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:

	2010		2009	
	Percentage of the Group's total Sales	Percentage of the Group's total Purchases	Percentage of the Group's total Sales	Percentage of the Group's total Purchases
The largest customer	7.3%		6.6%	
Five largest customers in aggregate	23.2%		25.6%	
The largest supplier		6.2%		6.4%
Five largest suppliers in aggregate		24.2%		25.0%

Other than Guangzhou Anda Trading Development Co., Ltd. ("Guangzhou Anda"), a company controlled by a connected person, Mr. Ding Qingliang (details of our transactions with Guangzhou Anda are set out on page 76 of the annual report), at no time during the financial year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on pages 6 and 7 of the annual report.

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2010 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 RMB1,551,113,000 (2009: RMB1,250,941,000) have been transferred to reserves. Other movements in reserves are set out in note 24 to the consolidated financial statements.

An interim dividend of HK20 cents per ordinary share (2009: HK12 cents per ordinary share) was paid on 10 September 2010. The Directors now recommend the payment of a final dividend of HK25 cents per ordinary share (2009 final dividend: HK12 cents per ordinary share; 2009 special dividend: HK11 cents per ordinary share) in respect of the year ended 31 December 2010.



Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB6,905,000 (2009: RMB5,070,000).

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 10 to 13 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 2010.

Share Capital

Details of the movement of share capital of the Company during the financial year are set out in note 23 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 (appointed as *Deputy Chairman* on 12 July 2010)
Mr. Lai Shixian
Mr. Wang Wenmo
Mr. Wu Yonghua
Mr. Zheng Jie

Independent Non-Executive Directors

Mr. Yeung Chi Tat
Mr. Lu Hong Te
Mr. Dai Zhongchuan

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

In accordance with article 87 of the Company's articles of association, Mr. Wang Wenmo, Mr. Wu Yonghua and Mr. Lu Hong Te will retire from the Board by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

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

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 2010, 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⁾	–	57.68%
	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⁾	–	57.46%
	Anta International	Founder of a discretionary trust	4,084 ⁽⁴⁾	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	167,700,000 ⁽⁵⁾	–	6.72%
	Company	Beneficial owner	–	5,250,000	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 ⁽⁶⁾	–	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 ⁽⁷⁾	–	6.01%
Mr. Zheng Jie	Company	Beneficial owner	–	1,000,000	0.04%

Notes:

- (1) As at 31 December 2010, the outstanding ordinary shares of the Company and of Anta International stood at 2,493,833,000 and 10,000 respectively.
- (2) The interests in underlying shares represent the interests in share options granted pursuant to the Pre-IPO Share Option and the Share Option Scheme, details of which are set out in note 21(a) and 21(b) respectively to the consolidated financial statements.
- (3) 1,431,900,000 Shares were held through Anta International, an associated corporation, which held 57.42% of the issued share capital of the Company as at 31 December 2010. 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 57.42% of the issued share capital of the Company as at 31 December 2010. 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 6.72% 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.
- (6) The interests of Mr. Wang Wenmo in Anta International are held through Fair Billion Development Limited, which holds 11.41% of the issued share capital of Anta International. The entire issued share capital of Fair Billion Development Limited is held by Asia Bridges Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust is an irrevocable discretionary trust set up by Mr. Wang Wenmo as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WWM Family Trust are family members of Mr. Wang Wenmo. Mr. Wang Wenmo as founder of the WWM Family Trust is deemed to be interested in the Shares held by Anta International.
- (7) The interests of Mr. Wu Yonghua in Anta International are held through Spread Wah International Limited, which holds 6.01% of the issued share capital of Anta International. The entire issued share capital of Spread Wah International Limited is held by Allbright Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust is an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust are family members of Mr. Wu Yonghua. Mr. Wu Yonghua as founder of the WYH Family Trust is deemed to be interested in the Shares held by Anta International.

Save as disclosed above, as at 31 December 2010, 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 2010, 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⁾	1,720,047,000(L)	68.97%
Anta International	Beneficial owner	1,431,900,000(L)	57.42%
Allwealth Assets Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.42%
Shine Well (Far East) Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.42%
Talent Trend Investment Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.42%
Top Bright Assets Limited	Corporation ⁽¹⁾	1,431,900,000(L)	57.42%
Anda Holdings	Beneficial owner	167,700,000(L)	6.72%
Ms. Ding Yali	Founder of a discretionary trust ⁽²⁾	167,700,000(L)	6.72%
	Interest of spouse ⁽³⁾	5,250,000(L)	0.21%
Spring Star Assets Limited	Corporation ⁽²⁾	167,700,000(L)	6.72%

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

Notes:

- (1) *The interests of HSBC Trustee in the Company are held through Anta International, Anda Holdings and Anda Investments, holding approximately 57.42%, 6.72% and 4.83% of the issued share capital of the Company, respectively. In addition, HSBC Trustee also held 47,000 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 21(a) of the consolidated financial statements.*

Save as disclosed above, as at 31 December 2010, 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 28 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 announcements of the Company issued on 30 September 2009, 31 December 2009, 25 February 2010 and 30 September 2010.

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

On 31 December 2009, ANTA China and Quanzhou Anda entered into an agreement to renew the existing packaging material supply arrangement (“Packaging Material Supply Agreement”) for a term of three years from 1 January 2010 to 31 December 2012 in relation to the supply of cardboard cases from Quanzhou Anda to the Group from time to time on normal commercial terms no less favourable than those available from independent third parties of the Group.

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



During the financial year, Quanzhou Anda also supplied shoe boxes in addition to cardboard cases to the Group on the same terms under the Packaging Material Supply Agreement for supply of cardboard cases. The prices the Group pay for the shoe boxes and the other payment terms (i.e. a general credit period of 30 to 60 days) shall be comparable to, and not less favourable than those offered by other independent suppliers of similar shoe boxes.

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

During the financial year, the Group's purchase of cardboard cases and shoe boxes from Quanzhou Anda amounted to RMB14,912,000.

2. Sportswear Sales Agreements of ANTA Products with Guangzhou Anda and Quanzhou Binhui Trading Co., Ltd. ("Quanzhou Binhui")

On 31 December 2009, ANTA China entered into two agreements to renew sportswear sales arrangement with Guangzhou Anda and Quanzhou Binhui ("Sportswear Sales Agreements") for a term of three years from 1 January 2010 to 31 December 2012 in relation to the sale of ANTA Products to Guangzhou Anda and Quanzhou Binhui.

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

Both Guangzhou Anda and Quanzhou Binhui are connected persons 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 RMB399,730,000 and RMB57,886,000 respectively.

3. Sales Agreement with 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 transactions under the master sales agreement dated 1 December 2007 ("Master Sales Agreement") (i.e. for a term from 1 December 2007 to 30 November 2010) by Fila Marketing and Speed Benefit Limited, both indirect subsidiaries of the Company, with Fila Korea and Fila Sport became continuing connected transactions of the Company. Pursuant to the Master Sales Agreement, Fila Korea and Fila Sport 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 each individual transaction were 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 of the particular transaction. An agreement has been entered into between the parties to renew the Master Sales Agreement for another term of three years (i.e. from 1 December 2010 to 30 November 2013). The amount of transactions under the renewed agreement are de minimus and hence exempt from the requirement of reporting, annual review, announcement and independent shareholders' approval according to Rule 14A.33(3)(b) of the Listing Rules.

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 Fila Korea, are connected persons of the Company within the meaning of the Listing Rules.

During the financial year, Fila Products amounted to approximately RMB10,468,000 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 Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

Directors' Interests in Contracts

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

Competing Business

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

Each of the Controlling Shareholders (as defined in the prospectus of the Company issued on 26 June 2007 (the "Prospectus")) has confirmed to the Company of his/her compliance with the non-compete undertakings provided to the Company under the Non-competition Deed (as defined in the Prospectus). The 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 20 to the consolidated financial statements.

Equity-settled Share-based Payments

(a) Pre-IPO Share Option Scheme

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

Under the Pre-IPO Option, 16,000,000 options were fully granted on 12 June 2007, and no option has been lapsed during the financial year (2009: 390,000). As at 31 December 2010, the total number of shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO Option is 10,692,000.

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



(b) Share Option Scheme

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

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

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

On 15 September 2010 ("Date of Grant"), the Company granted 32,120,000 options at an exercise price of HK\$16.20 per share to Mr. Zheng Jie, a Director, and certain employees under the Share Option Scheme. They were given the rights to subscribe for shares of the Company which are exercisable up to 10 years from the Date of Grant. Up to 40%, 30% and 30% of the options granted shall be exercisable on 15 March 2012, 15 March 2013 and 15 March 2014 respectively, such that all options granted shall be fully exercisable on 15 March 2014. During the financial year, no options has been lapsed.

Corporate Governance

In respect of the year ended 31 December 2010, 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 2010 and at any time up to the latest practicable date.

Auditors

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

By order of the Board

Ling Shing Ping
Company Secretary

Hong Kong, 21 February 2011



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 2010, 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 2009 and the interim results of the Group for the 6 months ended 30 June 2010 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 2010 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.

One meeting was held by the Nomination Committee to discuss changing a Director as the deputy Chairman of 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 2010	7	3	1	1
<i>Executive Directors</i>				
Mr. Ding Shizhong	5*	N/A	1	N/A
Mr. Ding Shijia	7	N/A	N/A	N/A
Mr. Lai Shixian	6*	N/A	N/A	1
Mr. Wang Wenmo	7	N/A	N/A	N/A
Mr. Wu Yonghua	7	N/A	N/A	N/A
Mr. Zheng Jie	7	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>				
Mr. Yeung Chi Tat	7	3	N/A	1
Mr. Lu Hong Te	7	3	1	1
Mr. Dai Zhongchuan	7	3	1	N/A

* Those Executive Directors have not attended Board meetings 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 Auditor's Remuneration

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

During the financial year, the fee payable to KPMG in respect of its statutory audit services provided to the Company was RMB2,863,000 (2009: HK\$2,900,000). Fees for non-audit services for the same period comprise service charges for the following:

	2010	2009
Review of interim results	RMB737,000	HK\$800,000
Tax review	RMB100,000	RMB180,000
Internal control review (service rendered by KPMG Advisory (China) Limited)	RMB800,000	–

In respect of the financial year ended 31 December 2009, the Group appointed SHINEWING Risk Services Limited as the independent adviser to carry out an internal control review. The related non-audit service fee amounted to 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, 21 February 2011



DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 40, 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
2010	Deputy Chairman of China Sporting Goods Federation
2010	Committee member of China Youth Entrepreneurs Association

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 57.42% 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 46, is the Executive Director and the Board Deputy Chairman of the Company. He is primarily responsible for the management of our Group's footwear operations. He joined our Group in July 1994 and has over 10 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. 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 57.42% of the issued share capital of the Company.

Mr. Lai Shixian (賴世賢), aged 36, is the Chief Operating Officer, the Executive Director and the Vice President of the Company. He is primarily responsible for the supply chain and administrative management of the Group. He joined the Group in March 2003 and has over 10 years of experience in administrative management. Mr. Lai holds an EMBA degree from China Europe International Business School. 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 57.42% of the issued share capital of the Company.

Mr. Wang Wenmo (王文默), aged 54, is the Executive Director of the Company. He is primarily responsible for the management of the Group's apparel operations. He joined the Group in June 2000 and has over 20 years of experience in the apparel industry. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Group's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 39, 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 42, 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 Fudan University.

Independent Non-Executive Directors

Mr. Yeung Chi Tat (楊志達), aged 41, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in business administration from the University of Hong Kong and a master's degree in professional accounting from Hong Kong Polytechnic University. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also the president of the International Financial Management Association Hong Kong headquarters and the vice-president of the Hong Kong Wine Merchants' Chamber of Commerce. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, corporate restructure and corporate finance. He is the financial controller and company secretary of Dynasty Fine Wines Group Limited (stock code: 828), and an independent non-executive director of Ta Yang Group Holdings Limited (stock code: 1991) and Boer Power Holdings Limited (stock code: 1685), all of which are listed on the Hong Kong Stock Exchange. Mr. Yeung was an independent non-executive director of China Eco-Farming Holdings Limited (Stock Code: 8166), which is listed on the Hong Kong Stock Exchange, from September 2008 to May 2010.

Mr. Lu Hong Te (呂鴻德), aged 50, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in industrial management science from National Cheng Kung University, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University. He is now a professor at the department of business administration of Chung Yuan Christian University in Taiwan, specializing in sales management and business competitive strategies. He also serves as a visiting professor at institutions including SGP International Management Academy, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center. He is an independent non-executive director of 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 44, is the Independent Non-Executive Director of the Company and joined the Board in April 2009. He holds a bachelor's degree and a master's degree in economics from the Xiamen University. He is currently a deputy of the 11th National People's Congress, an associate dean of the College of Law and a tutor of the master's postgraduate programme in international laws of Huaqiao University. Mr. Dai has over 20 years of working experience in legal research and holds various posts in public services in legal and judiciary area, including a member of the Central Legal Committee of the China National Democratic Construction Association, a standing committee member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference, a member of the Internal and Judicial Affairs Committee of Quanzhou Municipal People's Congress as well as an arbitrator of Quanzhou Municipal Arbitration Commission. He is an independent non-executive director of Fujian Tianguang Fire-fighting Scie-Tech Incorporated Company (Stock Code: 2509), which is listed on the Shenzhen Stock Exchange.

Senior Management

Mr. Ling Shing Ping (凌昇平), aged 43, 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") and its subsidiaries (together "the Group") set out on pages 87 to 129, which comprise the consolidated and company statements of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 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

21 February 2011



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010 (Expressed in Renminbi)

	Note	2010 RMB'000	2009 RMB'000
Turnover	1	7,408,309	5,874,596
Cost of sales		(4,237,755)	(3,401,702)
Gross profit		3,170,554	2,472,894
Other revenue	2	44,626	29,399
Other net loss	2	(903)	(718)
Selling and distribution expenses		(1,186,840)	(889,893)
Administrative expenses		(290,626)	(216,905)
Profit from operations		1,736,811	1,394,777
Net finance income	3	106,258	51,226
Profit before taxation	4	1,843,069	1,446,003
Taxation	5	(296,644)	(196,713)
PROFIT FOR THE YEAR		1,546,425	1,249,290
Other comprehensive income for the year			
Exchange differences on translation of financial statements of operations outside Mainland China		(35,902)	(1,785)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,510,523	1,247,505
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,551,113	1,250,941
Non-controlling interests		(4,688)	(1,651)
PROFIT FOR THE YEAR		1,546,425	1,249,290
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,515,211	1,249,156
Non-controlling interests		(4,688)	(1,651)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,510,523	1,247,505
Earnings per share	8	RMB cents	RMB cents
– Basic		62.21	50.23
– Diluted		62.04	50.09

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 25.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010 (Expressed in Renminbi)

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment	10	503,474	506,420
Construction in progress	11	149,628	123,827
Lease prepayments	12(a)	35,835	28,024
Prepayments for acquisition of land use rights	12(b)	42,807	36,647
Intangible assets	13	531,349	486,983
Deferred tax assets	22(b)	46,343	11,750
Total non-current assets		1,309,436	1,193,651
Current assets			
Inventories	15	453,823	374,090
Trade and other receivables	16	990,441	528,936
Pledged deposits	17	9,640	9,640
Fixed deposits held at banks with maturity over three months	18	900,000	1,560,000
Cash and cash equivalents	18	3,391,151	2,437,089
Total current assets		5,745,055	4,909,755
Total assets		7,054,491	6,103,406
Current liabilities			
Trade and other payables	19	1,070,646	819,586
Amount due to a related party	28(b)	2,745	813
Current taxation	22(a)	90,002	52,061
Total current liabilities		1,163,393	872,460
Net current assets		4,581,662	4,037,295
Total assets less current liabilities		5,891,098	5,230,946
Non-current liabilities			
Long-term payable to non-controlling interests – unsecured and at amortised cost		41,582	44,006
Deferred tax liabilities	22(b)	118,784	49,612
Total non-current liabilities		160,366	93,618
Total liabilities		1,323,759	966,078
Net assets		5,730,732	5,137,328
Equity			
Share capital	23	241,991	241,838
Reserves	24	5,436,040	4,838,101
Total equity attributable to equity shareholders of the Company		5,678,031	5,079,939
Non-controlling interests		52,701	57,389
Total liabilities and equity		7,054,491	6,103,406

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, 21 February 2011



STATEMENT OF FINANCIAL POSITION

As at 31 December 2010 (Expressed in Renminbi)

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Investments in subsidiaries	14	133	138
Total non-current assets		133	138
Current assets			
Other receivables	16	267	2,177
Amounts due from subsidiaries	14	946,203	1,499,429
Cash and cash equivalents	18	200,437	595,444
Total current assets		1,146,907	2,097,050
Total assets		1,147,040	2,097,188
Current liabilities			
Other payables and accruals	19	1,951	3,509
Amounts due to subsidiaries	14	-	319
Total current liabilities		1,951	3,828
Net current assets		1,144,956	2,093,222
Total assets less current liabilities		1,145,089	2,093,360
Equity			
Share capital	23	241,991	241,838
Reserves	24	903,098	1,851,522
Total equity		1,145,089	2,093,360
Total liabilities and equity		1,147,040	2,097,188

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, 21 February 2011



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010 (Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company			Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Total RMB'000		
Balances as at 1 January 2009		241,654	4,239,218	4,480,872	-	4,480,872
<i>Changes in equity for 2009:</i>						
Profit for the year		-	1,250,941	1,250,941	(1,651)	1,249,290
Other comprehensive income		-	(1,785)	(1,785)	-	(1,785)
Total comprehensive income		-	1,249,156	1,249,156	(1,651)	1,247,505
Dividends approved in respect of the previous year	25(b)	-	(394,954)	(394,954)	-	(394,954)
Dividends declared in respect of the current year	25(a)	-	(263,414)	(263,414)	-	(263,414)
Shares issued pursuant to Pre-IPO Share Option Scheme	23	184	7,588	7,772	-	7,772
Equity-settled share-based transactions	24(e)	-	507	507	-	507
Acquisition of subsidiaries	29	-	-	-	59,040	59,040
Balances as at 31 December 2009 and 1 January 2010		241,838	4,838,101	5,079,939	57,389	5,137,328
<i>Changes in equity for 2010:</i>						
Profit for the year		-	1,551,113	1,551,113	(4,688)	1,546,425
Other comprehensive income		-	(35,902)	(35,902)	-	(35,902)
Total comprehensive income		-	1,515,211	1,515,211	(4,688)	1,510,523
Dividends approved in respect of the previous year	25(b)	-	(504,290)	(504,290)	-	(504,290)
Dividends declared in respect of the current year	25(a)	-	(435,813)	(435,813)	-	(435,813)
Shares issued pursuant to Pre-IPO Share Option Scheme	23	153	6,309	6,462	-	6,462
Equity-settled share-based transactions	24(e)	-	16,522	16,522	-	16,522
Balances as at 31 December 2010		241,991	5,436,040	5,678,031	52,701	5,730,732

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 2010 (Expressed in Renminbi)

	Note	2010 RMB'000	2009 RMB'000
Operating activities			
Profit before taxation		1,843,069	1,446,003
Adjustments for:			
– Depreciation	10	66,797	58,574
– Amortisation of lease prepayments	12(a)	638	588
– Amortisation of intangible assets	13	16,766	4,481
– Interest expense	3	3,487	906
– Interest income	3	(79,729)	(51,999)
– Loss on disposal of property, plant and equipment	2	703	192
– Equity-settled share-based payments	4(a)	16,522	507
Changes in working capital			
– Increase in inventories		(79,733)	(31,787)
– Increase in trade and other receivables		(467,814)	(14,840)
– Increase in pledged deposits		–	(9,456)
– Increase in trade and other payables		250,474	369,679
– Increase/(decrease) in amount due to a related party		1,932	(618)
Cash generated from operations		1,573,112	1,772,230
Income tax paid		(224,124)	(130,317)
Interest received		83,860	46,831
Net cash generated from operating activities		1,432,848	1,688,744
Investing activities			
Acquisition of subsidiaries, net of cash acquired	29	–	(399,987)
Payments for purchase of property, plant and equipment		(50,818)	(44,826)
Proceeds from sale of property, plant and equipment		774	1,512
Payments for construction in progress		(38,045)	(67,813)
Payments for lease prepayments	12(a)	–	(1,031)
Payments for acquisition of land use rights	12(b)	(14,609)	(14,546)
Payments for purchase of intangible assets	13	(61,132)	(5,227)
Placements of fixed deposits held at banks with maturity over three months		(6,599,140)	(3,128,000)
Uplift of fixed deposits held at banks with maturity over three months		7,259,140	1,789,640
Net cash received from/(used in) investing activities		496,170	(1,870,278)
Financing activities			
Payment for long-term payable to non-controlling interests		(5,413)	–
Proceeds from shares issued pursuant to Pre-IPO Share Option Scheme		6,462	7,102
Dividends paid to equity shareholders of the Company	25	(940,103)	(658,368)
Net cash used in financing activities		(939,054)	(651,266)
Net increase/(decrease) in cash and cash equivalents		989,964	(832,800)
Cash and cash equivalents as at 1 January		2,437,089	3,271,674
Effect of foreign exchange rate changes		(35,902)	(1,785)
Cash and cash equivalents as at 31 December	18	3,391,151	2,437,089

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 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:

	2010 RMB'000	2009 RMB'000
Anta products	6,766,938	5,567,937
Others*	641,371	306,659
Total turnover	7,408,309	5,874,596

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

The Group operated in a single business segment, which was manufacturing, trading and distribution of ANTA branded sporting goods including footwear, apparel and accessories. Pursuant to the acquisition of the Fila Business in the PRC on 30 September 2009, an additional business segment, which is the trading and distribution of the Fila branded sporting goods, has been identified. However, except for the Fila PRC Trademarks, the turnover and financial results (in absolute amount) of the Fila Business in the PRC are less than 10% of the Group's turnover and profit respectively for the year ended 31 December 2010. Therefore, the Directors consider that, the presentation of segment information of Fila Business in the PRC would not be meaningful in the annual financial statements. Accordingly, no segmental analysis is presented.

For the year ended 31 December 2010, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2009: Nil).

2. Other Revenue and Other Net Loss

	2010 RMB'000	2009 RMB'000
Other revenue		
Government grants*	33,289	23,776
Rental income from operating leases	29	63
Others	11,308	5,560
	44,626	29,399
Other net loss		
Loss on disposal of property, plant and equipment	(703)	(192)
Others	(200)	(526)
	(903)	(718)

* Government grants include cash subsidies granted by various local tax bureaus to the Group's subsidiaries totalling RMB32,009,000 for the year ended 31 December 2010 (2009: RMB21,860,000).

3. Net Finance Income

	2010 RMB'000	2009 RMB'000
Interest income	79,729	51,999
Net foreign exchange gain	30,016	133
	109,745	52,132
Interest expense recognised on payable carried at amortised cost	(3,487)	(906)
Net finance income	106,258	51,226

4. Profit Before Taxation

Profit before taxation is arrived at after charging:

	2010 RMB'000	2009 RMB'000
(a) Staff costs ^{(i) & (ii)} :		
Contributions to defined contribution retirement plans	75,728	51,623
Equity-settled share-based payments	16,522	507
Salaries, wages and other benefits	565,110	484,030
	657,360	536,160
(b) Other items:		
Cost of inventories sold ⁽ⁱ⁾	4,237,755	3,401,702
Depreciation ⁽ⁱ⁾	66,797	58,574
Amortisation		
– lease prepayments	638	588
– intangible assets	16,766	4,481
Subcontracting charges ⁽ⁱ⁾	307,850	271,288
Auditors' remuneration	3,600	3,260
Operating lease charges in respect of properties		
– minimum lease payments	43,829	24,873
Research and development costs ^{(i) & (ii)}	135,046	103,286

(i) Cost of inventories sold includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB914,203,000 (2009: RMB786,971,000).

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5. Taxation in the Consolidated Statement of Comprehensive Income

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

	2010 RMB'000	2009 RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the year	262,065	158,851
Deferred tax		
Origination of temporary differences (note 22(b))	34,579	37,862
	296,644	196,713

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) No provision for Hong Kong Profits Tax, Macao Complementary (Profits) Tax and Singapore Income Tax has been made as the Group does not have assessable profits subject to Hong Kong Profits Tax, Macao Complementary (Profits) Tax and Singapore Income Tax during the year ended 31 December 2010 and 2009.
- (iii) In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, certain subsidiaries in the Mainland China are entitled to tax concessions and tax relief whereby the profits of these subsidiaries are taxed at preferential income tax rates. Taxation of the Group’s subsidiaries in the Mainland China are calculated using the applicable preferential income tax rates granted to these subsidiaries.

According to the Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC company. As all of the Group’s foreign-invested enterprises in the PRC are directly and wholly owned by Hong Kong incorporated subsidiaries, a rate of 5% is applicable to the calculation of the PRC dividend withholding tax. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries 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:

	2010 RMB'000	2009 RMB'000
Profit before taxation	1,843,069	1,446,003
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	468,900	363,641
Tax effect of non-deductible expenses	13,182	22,582
Tax effect of non-taxable income	(5,533)	(5,852)
Tax effect of unused tax losses not recognised	3,265	4,549
Withholding tax on profits retained by PRC subsidiaries	69,172	49,612
Tax effect of tax concessions	(252,342)	(237,819)
Actual tax expense	296,644	196,713

6. Directors' Remuneration

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

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Equity-settled share-based payments RMB'000 (Note 21)	Discretionary bonuses RMB'000	Total RMB'000
Year ended 31 December 2010						
Executive Directors						
Mr. Ding Shizhong	-	1,080	14	-	532	1,626
Mr. Ding Shijia	-	500	8	-	148	656
Mr. Lai Shixian	-	500	6	80	143	729
Mr. Wang Wenmo	-	500	14	-	148	662
Mr. Wu Yonghua	-	500	6	-	148	654
Mr. Zheng Jie	-	2,600	53	539	-	3,192
	-	5,680	101	619	1,119	7,519
Independent Non-Executive Directors						
Mr. Yeung Chi Tat	209	-	-	-	-	209
Mr. Lu Hong Te	139	-	-	-	-	139
Mr. Dai Zhongchuan	96	-	-	-	-	96
Total	444	5,680	101	619	1,119	7,963
Year ended 31 December 2009						
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

During the year, no amount was paid or payable by the Company to the Directors or any of the 5 highest paid individuals set out in note 7 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 1 (2009: 2) is/are also a Director(s) of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 4 (2009: 3) individuals are as follows:

	2010 RMB'000	2009 RMB'000
Salaries and other emoluments	4,756	3,449
Discretionary bonuses	2,619	1,742
Equity-settled share-based payments	754	29
Contributions to retirement benefit scheme	137	120
	8,266	5,340

The emoluments of the 4 (2009: 3) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2010	2009
RMB1,000,001 to RMB1,500,000	-	2
RMB1,500,001 to RMB2,000,000	3	-
RMB2,500,001 to RMB3,000,000	-	1
RMB3,000,001 to RMB3,500,000	1	-

8. Earnings Per Share

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,551,113,000 (2009: RMB1,250,941,000) and the weighted average number of ordinary shares in issue during the year of 2,493,215,000 (2009: 2,490,636,000).

Weighted average number of ordinary shares

	2010 '000 Shares	2009 '000 Shares
Issued ordinary shares	2,492,088	2,490,000
Effect of share options exercised	1,127	636
Weighted average number of ordinary shares	2,493,215	2,490,636

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the weighted average number of shares in issue adjusted for the potential dilutive effect caused by the share options granted under the Pre-IPO share option scheme (see note 21(a)) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2010 '000 Shares	2009 '000 Shares
Weighted average number of ordinary shares	2,493,215	2,490,636
Effect of deemed issue of shares under the Company's Pre-IPO share option scheme	7,076	6,915
Weighted average number of ordinary shares (diluted)	2,500,291	2,497,551

9. Profit Attributable to Equity Shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB12,893,000 (2009: a loss of RMB105,000) which has been dealt with in the financial statements of the Company.

10. 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 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 11)	30,543	–	–	4,047	–	34,590
Disposals	–	(1,484)	(1,190)	(830)	(8)	(3,512)
Acquisition of subsidiaries (note 29)	–	–	283	1,839	3,003	5,125
As at 31 December 2009 and 1 January 2010	342,612	162,751	21,364	114,065	3,502	644,294
Additions	–	9,076	6,149	35,358	1,333	51,916
Transfer from construction in progress (note 11)	4,867	–	–	8,545	–	13,412
Disposals	–	(1,279)	(1,361)	(1,510)	–	(4,150)
As at 31 December 2010	347,479	170,548	26,152	156,458	4,835	705,472
Accumulated depreciation:						
As at 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 and 1 January 2010	38,850	42,136	11,028	45,339	521	137,874
Charge for the year	15,731	14,915	3,435	29,871	2,845	66,797
Written back on disposals	–	(332)	(1,200)	(1,141)	–	(2,673)
As at 31 December 2010	54,581	56,719	13,263	74,069	3,366	201,998
Net book value:						
As at 31 December 2010	292,898	113,829	12,889	82,389	1,469	503,474
As at 31 December 2009	303,762	120,615	10,336	68,726	2,981	506,420

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



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(Expressed in Renminbi unless otherwise indicated)

11. Construction in Progress

	2010 RMB'000	2009 RMB'000
As at 1 January	123,827	86,541
Additions	39,213	71,876
Transfer to property, plant and equipment (note 10)	(13,412)	(34,590)
As at 31 December	149,628	123,827

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

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

(a) Lease Prepayments

	2010 RMB'000	2009 RMB'000
Cost:		
As at 1 January	31,500	30,469
Additions	–	1,031
Transfer from prepayments for acquisition of land use rights (note 12(b))	8,449	–
As at 31 December	39,949	31,500
Accumulated amortisation:		
As at 1 January	3,476	2,888
Charge for the year	638	588
As at 31 December	4,114	3,476
Net book value:		
As at 31 December	35,835	28,024

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

(b) Prepayments for Acquisition of Land Use Rights

	2010 RMB'000	2009 RMB'000
As at 1 January	36,647	22,101
Additions	14,609	14,546
Transfer to lease prepayments (note 12(a))	(8,449)	–
As at 31 December	42,807	36,647

The Group made prepayments for the acquisition of land use rights for certain properties held for own use under development in the PRC. The related ownership certificates are under application as at 31 December 2010.

13. Intangible Assets

	Computer software RMB'000	Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2009	5,043	230	5,273
Additions	5,227	–	5,227
Acquisition of subsidiaries (note 29)	–	482,150	482,150
As at 31 December 2009 and 1 January 2010	10,270	482,380	492,650
Additions	61,132	–	61,132
As at 31 December 2010	71,402	482,380	553,782
Accumulated amortisation:			
As at 1 January 2009	1,128	58	1,186
Charge for the year	1,279	3,202	4,481
As at 31 December 2009 and 1 January 2010	2,407	3,260	5,667
Charge for the year	4,027	12,739	16,766
As at 31 December 2010	6,434	15,999	22,433
Net book value:			
As at 31 December 2010	64,968	466,381	531,349
As at 31 December 2009	7,863	479,120	486,983

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

14. Investments in Subsidiaries/Amounts due from/to Subsidiaries

	The Company	
	2010 RMB'000	2009 RMB'000
Unlisted shares, at cost	133	138

Details of principal subsidiaries as at 31 December 2010 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 one year.

15. Inventories

	The Group	
	2010 RMB'000	2009 RMB'000
Raw materials	110,784	100,383
Work in progress	87,174	69,122
Finished goods	255,865	204,585
	453,823	374,090



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(Expressed in Renminbi unless otherwise indicated)

16. Trade and Other Receivables

	The Group		The Company	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Trade receivables	496,726	273,378	-	-
Advance payments to suppliers	327,126	103,015	-	-
Deposits and other prepayments	85,401	108,271	265	2,025
Prepayment for construction costs	390	1,454	-	-
VAT deductible	73,170	28,864	-	-
Interest receivable	6,208	10,339	-	152
Other receivables	1,420	3,615	2	-
	990,441	528,936	267	2,177

All of the trade and other receivables are expected to be recovered or recognised as expense within one year. An ageing analysis of the trade receivables, none of which is considered to be individually or collectively impaired, is as follows:

	The Group	
	2010 RMB'000	2009 RMB'000
Current	486,398	269,755
Less than 3 months past due	10,311	3,574
Past due over 3 months	17	49
	496,726	273,378

The Group normally grants a credit period of 30 to 90 days to its customers. Receivables that were current relate to customers for whom there was no recent history of default. Receivables that were past due relate to a number of independent customers that have a good track record with the Group. Based on 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 considered fully recoverable. The Group does not hold any collateral over these balances.

17. Pledged Deposits

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

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

	The Group		The Company	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Deposits with banks within three months to maturity when placed	3,190,021	2,175,441	165,521	492,441
Cash at bank and in hand	201,130	261,648	34,916	103,003
Cash and cash equivalents in the statements of financial position and consolidated statement of cash flows	3,391,151	2,437,089	200,437	595,444
Deposits with banks with more than three months to maturity when placed	900,000	1,560,000	-	-
	4,291,151	3,997,089	200,437	595,444

As at 31 December 2010, the balances that were placed with banks in the PRC amounted to RMB4,083,099,000 (2009: RMB3,385,384,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

19. Trade and Other Payables

	The Group		The Company	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Trade payables	474,188	371,158	-	-
Receipts in advance from customers	12,592	9,808	-	-
Accrued construction costs	1,787	1,683	-	-
VAT and other taxes payable	49,245	27,189	-	-
Accruals	487,343	373,974	-	-
Other payables	45,491	35,774	1,951	3,509
	1,070,646	819,586	1,951	3,509

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

	The Group	
	2010 RMB'000	2009 RMB'000
Within 3 months	450,798	336,724
3 months to 6 months	3,060	13,798
Over 6 months	20,330	20,636
	474,188	371,158

20. Employee Retirement Benefits

Defined Contribution Retirement Plans

The PRC subsidiaries of the Group participate in several defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the rates of 14% to 22% of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

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

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

21. Equity-settled Share-based Payments

(a) Pre-IPO Share Option Scheme

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

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



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(Expressed in Renminbi unless otherwise indicated)

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

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

- (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:

	2010		2009	
	Exercise price	Number of options ‘000 shares	Exercise price	Number of options ‘000 shares
Outstanding at the beginning of the year	HK\$4.224	12,437	HK\$4.224	14,915
Exercised during the year	HK\$4.224	(1,745)	HK\$4.224	(2,088)
Lapsed during the year	HK\$4.224	–	HK\$4.224	(390)
Outstanding at the end of the year	HK\$4.224	10,692	HK\$4.224	12,437
Exercisable at the end of the year	HK\$4.224	10,692	HK\$4.224	6,897

The weighted average share price at the date of exercise for share options exercised during the year was HK\$13.76 (2009: HK\$10.52).

The share options outstanding as at 31 December 2010 had an exercise price of HK\$4.224 (2009: HK\$4.224) and a weighted average remaining contractual life of 7 years (2009: 8 years).

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

(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. Under the Share Option Scheme, the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at a consideration of HK\$1 to subscribe share of the Company.

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

On 15 September 2010, options were granted to a Director and certain employees of the Group pursuant to the Share Option Scheme. The options have a vesting period of 3.5 years commencing from the date of grant and the options are exercisable within a period of 10 years. Each option gives the holder the right to subscribe for one ordinary share in the Company and the Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Number of options (’000 shares)	Vesting conditions	Contractual life of options
Options granted to a Director: – on 15 September 2010	1,000	3.5 years from the date of grant	10 years
Options granted to employees: – on 15 September 2010	31,120	3.5 years from the date of grant	10 years
Total share options	32,120		

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

	2010 Exercise price	Number of options ’000 shares
Outstanding at the beginning of the year	–	–
Granted during the year	HK\$16.20	32,120
Outstanding at the end of the year	HK\$16.20	32,120
Exercisable at the end of the year	HK\$16.20	–

No share options were exercised during the year.

The options outstanding at 31 December 2010 had an exercise price of HK\$16.20 and a weighted average contractual life of 10 years.



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

(b) Share Option Scheme (Continued)

(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		2010
Fair value at measurement date		HK\$4.902
Share price		HK\$16.20
Exercise price		HK\$16.20
Expected volatility		40.42%
Expected option life		6 – 7 years
Expected dividends		2.90%
Risk-free interest rates		1.329% – 1.557%

The expected volatility is based on 1 year historical volatility, since the Company does not have a long enough price history to calculate historical volatility for the expected terms. The expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

22. Taxation in the Consolidated Statement of Financial Position

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

	2010 RMB'000	2009 RMB'000
Balance of provision for PRC Corporate Income Tax	90,002	52,061

(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	Accrued expenses RMB'000	Total RMB'000
As at 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 and 1 January 2010	49,612	(11,750)	37,862
Charged/(credited) to consolidated statement of comprehensive income (note 5(a))	69,172	(34,593)	34,579
As at 31 December 2010	118,784	(46,343)	72,441

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

(c) Deferred tax assets not recognised:

As at 31 December 2010, the Group's certain subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB138,848,000 (2009: RMB119,065,000) of which RMB48,667,000 (2009: RMB42,325,000) will expire within 5 years under the current tax legislation. The cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised:

As at 31 December 2010, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in the Mainland China amounted to RMB1,583,786,000 (2009: RMB1,380,852,000). Deferred tax liabilities of RMB79,189,000 (2009: RMB69,043,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in the Mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

23. Share Capital

	Par value HK\$	Number of shares '000	Nominal value of ordinary HK\$'000
Authorised:			
As at 31 December 2009 and 2010	0.10	5,000,000	500,000

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

	Par value HK\$	Number of shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
Issued and fully paid:				
As at 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 and 1 January 2010	0.10	2,492,088	249,209	241,838
Shares issued pursuant to Pre-IPO share option scheme	0.10	1,745	174	153
As at 31 December 2010	0.10	2,493,833	249,383	241,991

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

During the year, pursuant to the Company's Pre-IPO Option (note 21(a)), options were exercised to subscribe for 1,745,000 (2009: 2,088,000) ordinary shares in the Company at a consideration of RMB6,462,000 (2009: RMB7,772,000) of which RMB153,000 (2009: RMB184,000) was credited to share capital and the balance of RMB6,309,000 (2009: RMB7,588,000) was credited to the share premium account. RMB155,000 (2009: RMB103,000) has been transferred from the share-based compensation reserve to the share premium account. No options (2009: 390,000 options) lapsed during the year. As at 31 December 2010, the total number of shares which may be issued upon the exercise of all options outstanding is 42,812,000 from the Company's Pre-IPO Option and the Share Option Scheme (2009: 12,437,000 from the Company's Pre-IPO Option).



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(Expressed in Renminbi unless otherwise indicated)

24. Reserves

The Group

	Note	Share premium RMB'000 (Note 24(a))	Capital reserve RMB'000 (Note 24(b))	Statutory reserve RMB'000 (Note 24(c))	Exchange reserve RMB'000 (Note 24(d))	Share-based compensation reserve RMB'000 (Note 24(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2009		2,729,633	141,029	164,084	(254,775)	1,262	1,457,985	4,239,218
Profit for the year		-	-	-	-	-	1,250,941	1,250,941
Other comprehensive income		-	-	-	(1,785)	-	-	(1,785)
Total comprehensive income		-	-	-	(1,785)	-	1,250,941	1,249,156
Dividends approved in respect of the previous year	25(b)	(394,954)	-	-	-	-	-	(394,954)
Dividends declared in respect of the current year	25(a)	(263,414)	-	-	-	-	-	(263,414)
Shares issued pursuant to Pre-IPO share option scheme	23	7,691	-	-	-	(103)	-	7,588
Appropriation to statutory reserve	24(c)	-	-	85,198	-	-	(85,198)	-
Equity-settled share-based payments	24(e)	-	-	-	-	507	-	507
As at 31 December 2009 and 1 January 2010		2,078,956	141,029	249,282	(256,560)	1,666	2,623,728	4,838,101
Profit for the year		-	-	-	-	-	1,551,113	1,551,113
Other comprehensive income		-	-	-	(35,902)	-	-	(35,902)
Total comprehensive income		-	-	-	(35,902)	-	1,551,113	1,515,211
Dividends approved in respect of the previous year	25(b)	(504,290)	-	-	-	-	-	(504,290)
Dividends declared in respect of the current year	25(a)	(435,813)	-	-	-	-	-	(435,813)
Shares issued pursuant to Pre-IPO share option scheme	23	6,464	-	-	-	(155)	-	6,309
Appropriation to statutory reserve	24(c)	-	-	86,168	-	-	(86,168)	-
Equity-settled share-based payments	24(e)	-	-	-	-	16,522	-	16,522
As at 31 December 2010		1,145,317	141,029	335,450	(292,462)	18,033	4,088,673	5,436,040

24. Reserves (Continued)

The Company

	Note	Share premium RMB'000 (Note 24(a))	Exchange reserve RMB'000 (Note 24(d))	Share-based compensation reserve RMB'000 (Note 24(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2009		2,729,633	(313,383)	1,262	86,805	2,504,317
Loss for the year		-	-	-	(105)	(105)
Other comprehensive income		-	(2,417)	-	-	(2,417)
Total comprehensive income		-	(2,417)	-	(105)	(2,522)
Dividends approved in respect of the previous year	25(b)	(394,954)	-	-	-	(394,954)
Dividends declared in respect of the current year	25(a)	(263,414)	-	-	-	(263,414)
Shares issued pursuant to Pre-IPO share option scheme	23	7,691	-	(103)	-	7,588
Equity-settled share-based payments	24(e)	-	-	507	-	507
As at 31 December 2009 and 1 January 2010		2,078,956	(315,800)	1,666	86,700	1,851,522
Profit for the year		-	-	-	12,893	12,893
Other comprehensive income		-	(44,045)	-	-	(44,045)
Total comprehensive income		-	(44,045)	-	12,893	(31,152)
Dividends approved in respect of the previous year	25(b)	(504,290)	-	-	-	(504,290)
Dividends declared in respect of the current year	25(a)	(435,813)	-	-	-	(435,813)
Shares issued pursuant to Pre-IPO share option scheme	23	6,464	-	(155)	-	6,309
Equity-settled share-based payments	24(e)	-	-	16,522	-	16,522
As at 31 December 2010		1,145,317	(359,845)	18,033	99,593	903,098

(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 2010 was HK\$1,075,731,000 (2009: HK\$2,124,812,000).

(b) Capital Reserve

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



(Expressed in Renminbi unless otherwise indicated)

24. Reserves (Continued)

(c) Statutory Reserve

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

(d) Exchange Reserve

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

(e) Share-based Compensation Reserve

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

(f) Capital Management

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

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

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

25. Dividends

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

	2010 RMB'000	2009 RMB'000
Interim dividend declared and paid after the interim period of HK20 cents per ordinary share (2009: HK12 cents per ordinary share)	435,813	263,414
Final dividend proposed after the end of the reporting period of HK25 cents per ordinary share (2009: HK12 cents per ordinary share)	527,383	263,108
No special dividend proposed after the end of the reporting period (2009: HK11 cents per ordinary share)	-	241,182
	963,196	767,704

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.

25. Dividends (Continued)

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

	2010 RMB'000	2009 RMB'000
Final dividend in respect of the financial year ended 31 December 2009, approved and paid during the year, of HK12 cents per ordinary share (2008: HK10 cents per ordinary share)	263,108	219,419
Special dividend in respect of the financial year ended 31 December 2009, approved and paid during the year, of HK11 cents per ordinary share (2008: HK8 cents per ordinary share)	241,182	175,535
	504,290	394,954

26. Financial Risk Management and Fair Values

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

(a) Credit Risk

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

The Group's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the end of the reporting period, 10% (2009: 9%) and 31% (2009: 30%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

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

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

(b) Liquidity Risk

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26. Financial Risk Management and Fair Values (Continued)

(b) Liquidity Risk (Continued)

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

The Group

	Contractual undiscounted cash flows				Total RMB'000	Carrying amount on consolidated statement of financial position RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
As at 31 December 2010						
Trade and other payables	1,070,646	-	-	-	1,070,646	1,070,646
Amount due to a related party	2,745	-	-	-	2,745	2,745
Long-term payable to non-controlling interests	-	3,982	11,947	87,608	103,537	41,582
	1,073,391	3,982	11,947	87,608	1,176,928	1,114,973
As at 31 December 2009						
Trade and other payables	819,586	-	-	-	819,586	819,586
Amount due to a related party	813	-	-	-	813	813
Long-term payable to non-controlling interests	-	4,124	12,371	94,841	111,336	44,006
	820,399	4,124	12,371	94,841	931,735	864,405

The Company

	2010			2009		Carrying amount on statement of financial position RMB'000
	Within 1 year or on demand RMB'000	Total RMB'000	Carrying amount on statement of financial position RMB'000	Within 1 year or on demand RMB'000	Total RMB'000	
Other payables and accruals	1,951	1,951	1,951	3,509	3,509	3,509
Amounts due to subsidiaries	-	-	-	319	319	319
	1,951	1,951	1,951	3,828	3,828	3,828

26. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk

(i) Interest Rate Profile

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

	The Group		2009	
	2010 Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Pledged deposits	3.24%	9,640	3.24%	9,640
Bank deposits	0.01%-3.50%	4,090,021	0.01% – 3.24%	3,735,441
		4,099,661		3,745,081
Variable rate instruments:				
Cash at bank and in hand	0.01%	201,130	0.01%	261,648
		201,130		261,648
Total instruments		4,300,791		4,006,729
Fixed rate instruments as a percentage of total instruments		95%		93%

	The Company		2009	
	2010 Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Bank deposits	0.01%-0.87%	165,521	0.01% – 2.05%	492,441
		165,521		492,441
Variable rate instruments:				
Cash at bank and in hand	0.01%	34,916	0.01%	103,003
		34,916		103,003
Total instruments		200,437		595,444
Fixed rate instruments as a percentage of total instruments		83%		83%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26. Financial Risk Management and Fair Values (Continued)

(c) Interest Rate Risk (Continued)

(ii) Sensitivity Analysis

As at 31 December 2010, 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 RMB36,874,000 (2009: RMB38,998,000). Other components of consolidated equity would not be affected (2009: Nil) by the changes in interest rates.

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of reporting period. The impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2009.

(d) Currency Risk

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

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

(i) Exposure to Currency Risk

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

The Group

	Exposure to foreign currencies (expressed in Renminbi)			
	2010 Hong Kong Dollars RMB'000	2010 United States Dollars RMB'000	2009 Hong Kong Dollars RMB'000	2009 United States Dollars RMB'000
Cash and cash equivalents	99	168	71	873
Trade and other receivables	1,048	4,479	–	1,789
Amount due to intermediate holding company	(17,018)	–	(229,086)	–
Trade and other payables	(95)	(12,125)	(203)	(6,168)
Long-term payable to non-controlling interests	–	(41,582)	–	(44,006)
Net exposure to currency risk	(15,966)	(49,060)	(229,218)	(47,512)

26. Financial Risk Management and Fair Values (Continued)

(d) Currency Risk (Continued)

(ii) Sensitivity Analysis

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

	Increase/ (decrease) in foreign exchange rates in %	2010 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 %	2009 Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
Hong Kong dollars	5 (5)	(679) 679	- -	5 (5)	(10,030) 10,030	- -
United States dollars	5 (5)	(2,446) 2,446	- -	5 (5)	(2,377) 2,377	- -

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 operations outside Mainland China into the Group's presentation currency. The analysis is performed on the same basis for 2009.

(e) Commodity Price Risk

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

(f) Business Risk

The Group's primary business is the design, manufacturing and distribution of branded sports footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. The performance of the 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.

(g) Fair Values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2010 except that the fair value of the long-term payable to non-controlling interests is approximately RMB52,000,000 (2009: 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.



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(Expressed in Renminbi unless otherwise indicated)

27. Commitments

(a) Operating Leases

As at 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010 RMB'000	2009 RMB'000
Within 1 year	38,297	40,338
After 1 year but within 5 years	42,527	35,803
After 5 years	2,800	4,480
	83,624	80,621

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 2010 not provided for in the financial statements were as follows:

	2010 RMB'000	2009 RMB'000
Contracted for	81,970	103,832
Authorised but not contracted for	322,855	158,637
	404,825	262,469

28. Material Related Party Transactions

(a) Transactions with a Related Party

During the year ended 31 December 2010, in addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, transactions with 泉州安大包装有限公司 or Quanzhou Anda Packaging Co., Ltd.* ("Quanzhou Anda") are considered as related party transactions as Quanzhou Anda is effectively 60% owned by Mr. Ding Shizhong and 40% by 福建安大轻工发展有限公司 or Fujian Anda Light Industrial Development Co., Ltd.*, which is effectively 30% owned by Mr. Ding Shizhong and 40% by Mr. Lai Shixian. Both Mr. Ding Shizhong and Mr. Lai Shixian are Executive Directors of the Company.

During the year, the Group purchased raw materials from Quanzhou Anda totalling RMB14,912,000 (2009: RMB7,378,000). The Directors of the Company are of the opinion that such purchases were conducted on normal commercial terms and in the ordinary course of business.

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

(b) Balance with a Related Party

As at the end of the reporting period, trade balance due to Quanzhou Anda amounted to RMB2,745,000 (2009: RMB813,000). The amount due to Quanzhou Anda is unsecured, interest free and is expected to be paid within one year.

28. Material Related Party Transactions (Continued)

(c) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	2010 RMB'000	2009 RMB'000
Short-term employee benefits	8,553	8,281
Equity-settled share-based payments	901	233
	9,454	8,514

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

29. 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 Macao respectively. Full Prospect Limited and its subsidiaries own and manage the Fila PRC Trademarks in mainland China, Hong Kong and Macao.

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:

	Preacquisition carrying amount RMB'000	Fair value adjustment RMB'000	Recognised value on acquisition RMB'000
Property, plant and equipment (note 10)	5,125	–	5,125
Intangible assets (note 13)	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 non-controlling interests	(43,947)	–	(43,947)
Net identifiable assets	360,929	23,618	384,547
Non-controlling 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



(Expressed in Renminbi unless otherwise indicated)

30. 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 21, 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 37 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.

31. Revised IFRSs

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and two new Interpretation 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 3 (revised 2008), Business combinations
- Amendments to IAS 27, Consolidated and separate financial statements
- Improvements to IFRSs (2009)

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

The developments resulted in changes in accounting policies but none of these changes in policies have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3 and IAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.
- The amendment introduced by the Improvements to IFRSs (2009) omnibus standard in respect of IAS 17, Leases, resulted in a change of classification of certain of the Group's leasehold land interests located in the PRC, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:
 - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
 - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.
 - Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.
 - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.



(Expressed in Renminbi unless otherwise indicated)

31. Revised IFRSs (Continued)

- In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:
 - If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group would have treated such transactions as step-up transactions and partial disposals, respectively.
 - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions would have been treated as partial disposals.

In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.
- As a result of the amendment to IAS 17, Leases, arising from the "Improvements to IFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

32. Non-adjusting Event after the Reporting Period

After the end of the reporting period the Directors proposed a final dividend. Further details are disclosed in note 25.

33. Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Year Ended 31 December 2010

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
Revised IAS 24	Related party disclosures	1 January 2011
Improvements to IFRSs 2010		1 July 2010 or 1 January 2011
Amendments to IAS 12	Income taxes	1 January 2012
IFRS 9	Financial Instruments	1 January 2013

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

34. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2010 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

35. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the Board on 21 February 2011.



(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 2010 comprise the Company and its subsidiaries. The consolidated financial statements are presented in Renminbi (RMB), rounded to the nearest thousand, and are prepared on the historical cost basis except that the financial assets at fair value through profit or loss are stated at their fair value as explained in (L) below.

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 30.

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2010 include the financial statements of the Company and its subsidiaries.

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

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

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

(C) Basis of Consolidation (Continued)

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

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

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

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

(D) Property, Plant and Equipment

Property, plant and equipment are stated 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 | 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.

(I) Impairment of Assets (Continued)

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

(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 share-based compensation reserve within equity. The fair value is measured at grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

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

(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.

(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 Mainland China is Hong Kong dollars and the functional currency of the subsidiaries in Mainland China is Renminbi. The financial statements are presented in RMB ("presentation currency") for easy reference to international investors.

(ii) Transactions and Balances

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

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

The results of operations outside Mainland China are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position's items are translated into Renminbi at the closing foreign exchange rates as at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Mainland China, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(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.



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	RMB200,000,000/ RMB200,000,000	–	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	
北京安踏體育用品有限公司 (「北京安踏」) Beijing ANTA Sports Products Limited ("Beijing ANTA") (Notes (ii) and (iii))	PRC	RMB10,000,000/ RMB10,000,000	–	100%	Retailing of sporting goods
廈門安踏實業有限公司 (「廈門安踏實業」) Xiamen ANTA Industrial Limited ("Xiamen ANTA Industrial") (Notes (ii) and (iii))	PRC	RMB100,000,000/ RMB100,000,000	–	100%	Manufacturing of sporting goods
廈門安踏電子商務有限公司 (「廈門安踏電子商務」) Xiamen ANTA E-Commerce Limited ("Xiamen ANTA E-Commerce") (Notes (ii) and (iii))	PRC	RMB10,000,000/ RMB10,000,000	–	100%	Retailing of sporting goods
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HKD79,800,000/ HKD79,800,000	–	100%	Retailing of sporting goods
Fila (Macao) Limited ("Fila Macao")	Macao	MOP25,000/ MOP25,000	–	100%	Retailing of sporting goods
Full Prospect Limited ("Full Prospect")	Cayman Islands/ Hong Kong	USD100/ USD50,000	–	85%	Investment holding
Full Prospect (IP) PTE Ltd ("Full Prospect IP")	Singapore/ Hong Kong	USD200,000/ USD200,000	–	85%	Trademark holding
Speed Benefit Limited ("Speed Benefit")	Hong Kong	HKD1,000,000/ HKD1,000,000	–	85%	Investment holding
斐樂體育有限公司 (「斐樂中國」) Fila PRC Co. Limited ("Fila China") (Notes (i) and (iii))	PRC	USD9,000,000/ USD9,000,000	–	85%	Trading of sporting goods
廈門斐樂體育用品有限公司 (「廈門斐樂」) Xiamen Fila Sports Products Limited ("Xiamen Fila") (Notes (ii) and (iii))	PRC	RMB20,000,000/ RMB20,000,000	–	85%	Retailing of sporting goods

Notes:

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



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 Business in the PRC

Entire interest in Fila Marketing and its subsidiary and an 85% equity interest in Full Prospect and its subsidiaries.

Fila PRC Trademarks

All trademarks bearing "FILA" brand registered in the Mainland China, Hong Kong and Macao

Fila Products

Sportswear products bearing the Fila PRC Trademarks

GDP

Gross Domestic Product

Group

The Company and its subsidiaries

Hong Kong

The Hong Kong Special Administrative Region of the PRC

Hong Kong Dollars, HK\$

Hong Kong Dollars, the lawful currency of Hong Kong

Hong Kong Stock Exchange/HKEX

The Stock Exchange of Hong Kong Limited

Independent Non-Executive Directors

Independent non-executive directors of the Company

IPO

Initial Public Offering

Kids Sportswear series

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

Listing Rules

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

MSCI

Morgan Stanley Capital International Global Standard Index

NBA

National Basketball Association

ODM

Original Design Manufacturer

OEM

Original Equipment Manufacturer

POP

Point of purchase advertising

POS

ANTA stores' point of sales

PPI

Producer Price Index

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

Share(s)

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

Shareholders

Shareholders of the Company

Sports Lifestyle series

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

Total Sales Floor Area

Practical sales floor area, excluding warehouse

TVC

Television Commercial

WTA

Women's Tennis Association

Year

The year ended 31 December 2010



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www.tda.com.hk

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