



**ANTA Sports Products Limited**

Incorporated in the Cayman Islands with limited liability

*Stock Code: 2020*

**Interim Report 2011**

A young woman with her hair in a bun is captured mid-jump, wearing a white t-shirt with purple floral patterns, purple athletic pants, and blue sneakers. She has a joyful expression with her mouth open. The background is a soft, light pink. Numerous colorful musical notes (blue, yellow, purple) are scattered around her, creating a sense of rhythm and movement.

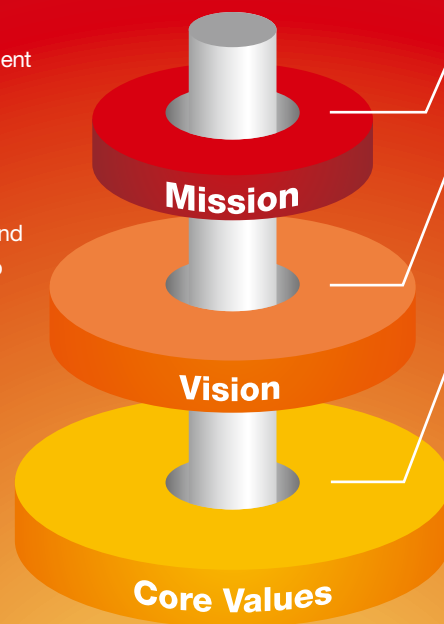
# RHYTHMIC BLOOM IN THE HEART



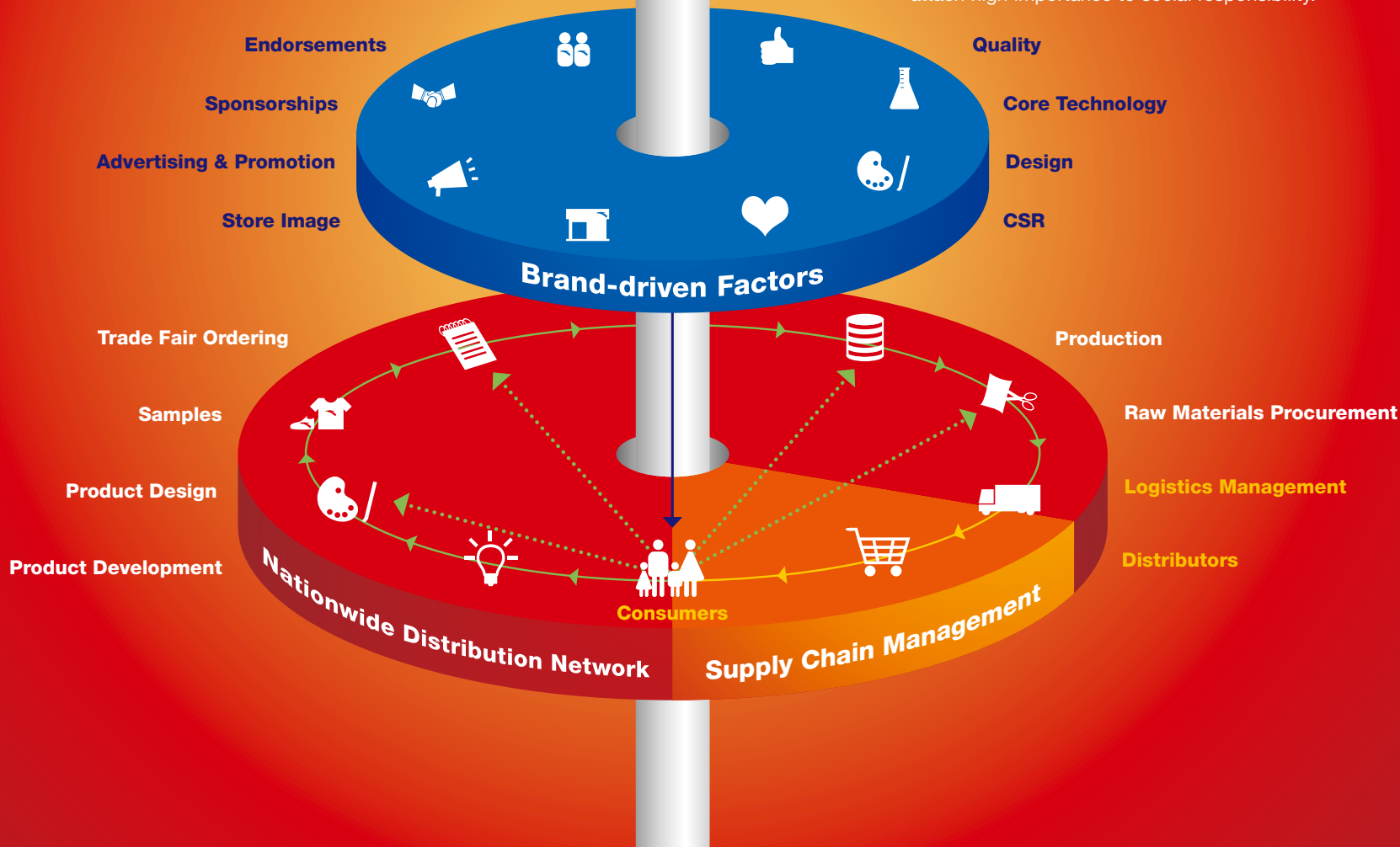
# Brand-Driven Business Model

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

	Logistics
	Information feedback flow
	Distribution flow
	Strategic brand management
	Association of our brand with consumers
	Network, supply chain and logistics management



- To integrate the sports spirit of “going beyond oneself” into everyone’s daily life.
- To become the nation’s top sportswear brand in China in terms of both brand desirability and market share, and to be respected by others, in addition to developing into a sustainable world-class sportswear company.
- We firmly believe brand value to be the basis of our business decision making, and that the core values be maintained by ANTA’s people.
- We never fear the obstacles of change, and we will apply our innovation ideas to create values for our customers.
- With continuous efforts to be “precise, detailed, practical and accurate”, we strive to grow with the sports industry.
- We uphold integrity and honesty. We are grateful and attach high importance to social responsibility.



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## Corporate Information

### Board

#### Executive Directors

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

#### Independent Non-Executive Directors

Yeung Chi Tat  
Lu Hong Te  
Dai Zhongchuan

#### Company Secretary

Ling Shing Ping *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 Centre  
Yiai Road, Siming District  
Xiamen, Fujian Province, PRC  
Postal code: 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



**RHYTHMIC  
BLOOM IN  
THE HEART**



## Milestone of 2011 First Half

March 2011

### **New Women's Sportswear Series and Endorsers Glitter**

ANTA's expanded women's sportswear series was debuted and endorsed by "Diving Queen" Guo Jingjing, pop singer Jane Zhang and tennis star Zheng Jie to tap the promising market potential.



March 2011

### **Footwear Leader by Market Share for 10 Straight Years**

ANTA was ranked No.1 in the "Composed Index on Market Share in China" for ten consecutive years as announced by the China General Chamber of Commerce and the China National Commercial Information Centre.



May 2011

### **Grand Opening of Beijing Flagship Store**

ANTA Sports opened the 1,000 sq. m. flagship store at Beijing Capital Indoor Stadium, which is of great significance to the Group's brand enhancement and network expansion.



May 2011

### **Luis Scola Delights Crowds during ANTA Sports China Tour**

ANTA Sports' endorsed NBA player Luis Scola not only met his fans in Beijing, Nanjing, Xian and Chengdu to popularise the sport, but also visited the children affected by the Sichuan earthquake and coached young players.



May 2011

### **Join Forces with "Champion Fund" to Promote Sports Development**

ANTA Sports became the first group of commercial enterprises to support the "Champion Fund", which aims at attending to the needs of retired athletes and promoting sports among the youth in China.



June 2011

### **Sponsor the 25th Olympic Day Run to Promote the Olympic Spirit**

In a joint effort to promote the "Sports for All" movement with the COC, ANTA Sports sponsored the running event which attracted record participation of 30,000 runners in nine cities to embrace the joy of the sport.





## TURNOVER



supported by impressive growth in ASP and volume

## GROSS PROFIT MARGIN



reflecting strong brand equity

## PAYOUT RATIO



providing better returns to shareholders

### Financial performance

- Turnover increased by 28.9% to RMB4.45 billion
- Gross profit margin maintained the same level as 2010 full year at 42.8%
- Profit attributable to shareholders increased by 22.0% to RMB927.3 million
- Basic earnings per share increased by 21.9% to RMB37.18 cents
- Dividend payout was 57.9% of the profit attributable to equity shareholders for the six month ended 30 June 2011

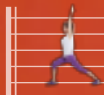
### Operational performance

- Number of ANTA stores reached 7,844, a net increase of 295 ANTA stores
- Total sales floor area of ANTA stores increased to approximately 937,000 sq. m.
- Average sales floor area per ANTA store increased to 119 sq. m.

### Cautionary Statement Regarding Forward-Looking Statements

This Interim Report 2011 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 they 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 other 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".



## Chairman's Statement

**Ding Shizhong**  
Chairman



Hong Kong, 8 August 2011

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Group for the six months ended 30 June 2011.

### Growth Momentum Sustains with Outstanding Results

China's economy continued to ascend during the period, eminently driven by the country's economic restructuring and moderately relaxed monetary policies. The increase in domestic demand and sports participation also helped fuel the growth momentum witnessed in the sportswear industry. Seeing both high market potential and intense competition, the Group continued to stay focused on our mass market positioning while, at the same time, enhancing our strong brand equity and healthy distribution network. As a result, we consistently outperformed the competition and achieved a robust financial performance, with the Group's turnover increasing by 28.9% year-on-year to RMB4.45 billion during the period (2010 1H: RMB3.45 billion). Profit attributable to equity shareholders rose 22.0% to RMB927.3 million (2010 1H: RMB760.2 million) and basic earnings per share were RMB37.18 cents (2010 1H: RMB30.50 cents). In view of the notable results, the Board proposed to declare an interim dividend of HK26 cents per ordinary share (2010 1H: HK20 cents).

### Solid Branding Platform Brings ANTA Closer to Sports Lovers

During the period, the Group further reinforced our leading position in China's sportswear market by integrating of our prominent sponsorship resources and effective marketing strategies. We are dedicated to connecting ANTA with countless basketball lovers and do so by sponsoring the influential CBA and CUBA basketball leagues. Featured products and promotional events were launched during the CBA All-star Weekend and playoffs to help drive the popularity of the sport. Our endorsed NBA superstar, Kevin Garnett, was equipped with ANTA-designed "KG" basketball shoes during the recently-finished season to reflect his ardour for our brand. Meanwhile, Luis Scola devoted every effort to support basketball development when he toured China in May. These comprehensive sport resources not only build a solid platform for us to enhance ANTA's desirability but also validate the quality of ANTA sportswear. Moreover, our four-year exclusive sportswear partnership with the COC helps differentiate ANTA from peer brands and further solidifies our symbolic role in China's sports industry. Our collaboration with the COC and CSD in the 7th Asian Winter Games and Olympic Day Run during the period has encouraged more people to take part in sports. This set a solid stage for tapping the market potential that will be further fanned by the London Olympics in 2012.



## **Growing Demand Catered by Innovative and Diversified Product Offerings**

In view of the tremendous growth in the women's sportswear market due to rising living standards and health awareness, we have expanded our tennis and cross-training series to form a comprehensive women's sportswear series. The "Sports Sculpting" and "Beauty Shaping" product lines beautifully and perfectly combine the feminine ideals for sports and fashion. China's "Diving Queen" Guo Jingjing and pop singer Jane Zhang have joined hands with our endorsed tennis star Zheng Jie to promote the new collection and to ignite women's enthusiasm for sports through our overarching "Rhythmic Bloom in the Heart" marketing campaign.

Innovation is the key to our success. We are always striving to offer value-added products with high-end technology and quality for both professional athletes and leisure consumers. The enhanced A-Jelly technology at our disposal is custom-applied to various footwear models that have different primary functions, weights and price ranges so as to satisfy the needs of all walks of life. Furthermore, we have integrated advanced fabrics, athletic-fit cuts and trendy designs to our apparel products in response to consumers' increasingly sophisticated tastes. Owing to our consistent efforts to innovate, we have been the top seller of travel and sports shoes in China, in terms of market share, for 10 consecutive years.

## **Effective Management Fosters the Overall Quality of the Distribution Network**

Upholding effective network management is one of our key commitments. We always analyse retail data and share timely market information with distributors and franchisees. At the same time, progressive IT system enhancements have helped strengthen our surveillance, analysis and information exchange efficiency. We also endeavour to keep retailers competitive by offering comprehensive training and guidance for store openings and quarterly ordering plans. In order to help network partners reduce their operating cost pressures, we roll out on-the-ground marketing campaigns and eye-catching POPs for featured premium products, thereby spurring shopping traffic and retail sales. Moreover, our 6th generation store layout was launched during the period to offer a refreshing new shopping experience for customers. As at the end of June 2011, the total number of ANTA stores had reached over 7,800, while our Sports Lifestyle and Kids store networks had also expanded impressively.

## **Prudent Strategy and Strong Execution Help Seize Opportunities**

During the period, industry players faced higher raw material and operating costs as well as

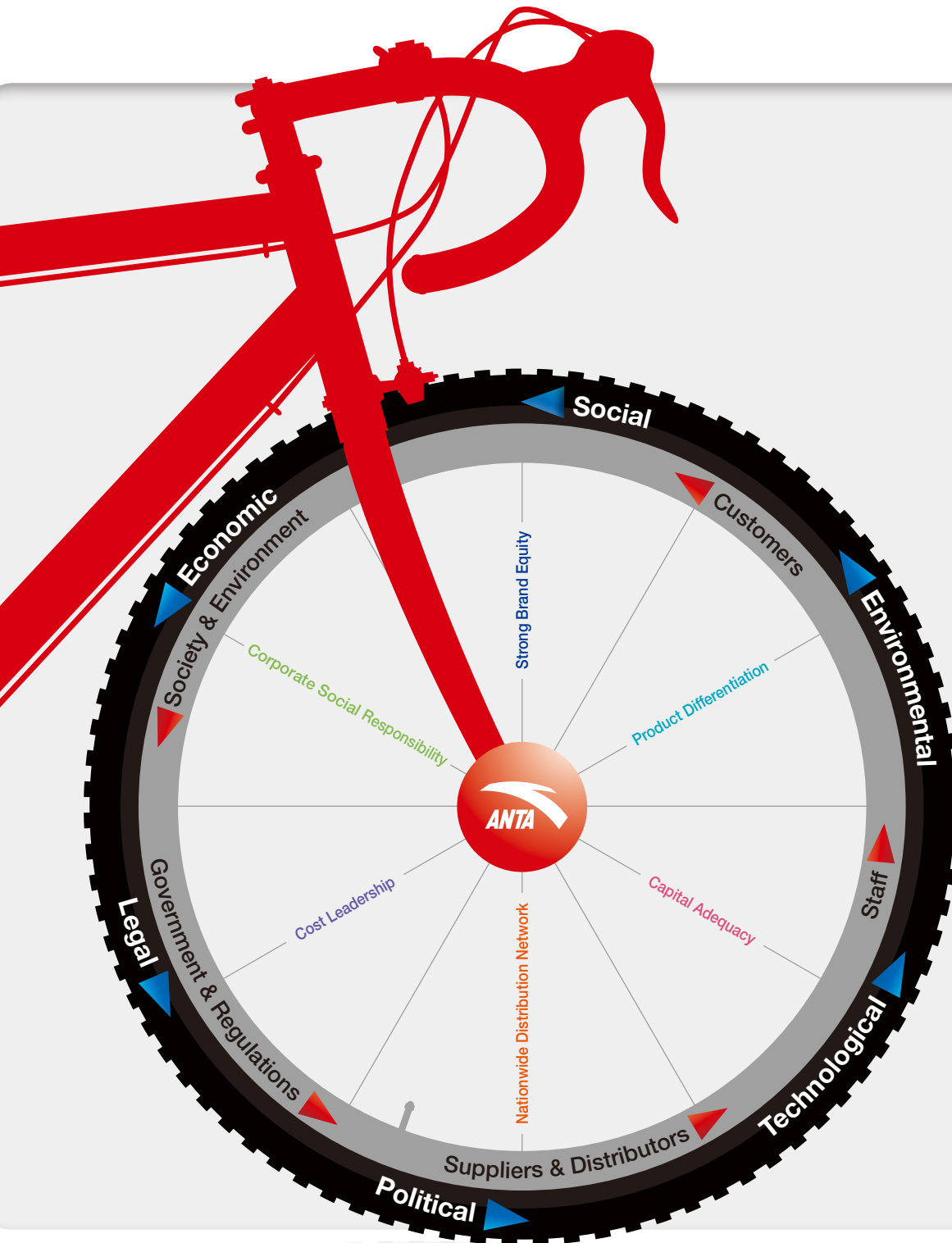
greater margin pressures amid rising inflation. The Group promptly stepped up cost monitoring and control measures, which not only eased the price burden on consumers but also minimised the impact on our supply chain and profitability. Thanks to the cost leadership and strong execution, we were able to outperform and embrace sustainability in the consolidating market. Meanwhile, we continued to enhance our product mix and features to deliver the best value to consumers and remain competitive.

Looking ahead, all players will continue to be challenged by inflation and keen competition. However, governmental policies supporting urbanisation, sports popularisation and wage increase will continue to bring high-potential opportunities to China's sportswear market. Moreover, achieving sustainable business growth and creating value for stakeholders over the long run are the missions to which we will always hold fast. The Group will consistently bring our competitive edges into full play to seize every market opportunity. We will also enhance our execution capabilities at all levels to enjoy a better market share gain and prudently mitigate future business risks.

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders for their steadfast support and all our staff for their unmatched dedication to make worthwhile contributions to industrial and social development with the Group.



# Management Discussion and Analysis



## PESTEL and Competitive Advantages

### Competitive Advantages

#### Strong Brand Equity

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

#### Product Differentiation

- A wide range of product offerings
- Participate in national quality standard setting
- 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 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

## MARKET REVIEW

### China's Economic Growth Moderates But Still Strong

The Chinese government's stimulus package and still relatively relaxed monetary policies have revived and stabilised the country's economy amid the global financial crisis. In order to sustain the country's growth momentum, policymakers continue to adjust economic structure, helping to boost domestic consumption in view of dwindling international demands. As a result, in the first half of 2011, the country's GDP achieved a 9.6% growth to RMB20,445.9 billion while its total retail sales of consumer goods rose by 16.8%. The uptrend in retail sales has been fueled by rising pay leading to increased purchasing power. The country's per capita annual disposable income of urban residents increased by 13.2%, or 7.6% after deducting price factors, in the first of 2011 to RMB11,041.

### Chinese Government Curbs Inflation to Ease Price Pressure

Though economic growth and retail sales remained strong during the period, China faced higher inflationary pressure because of the stimulus package, excessive global liquidity and soaring commodity prices. The CPI and PPI peaked at 106.4 and 107.1 respectively in June 2011, reflecting that raw material and operational cost pressures were passed on to consumers.

It is expected that continued consumer price surges will hamper consumption. Therefore, taming inflation is a top priority for policymakers. On top of the shift to a more prudent monetary policy, the government is expected to roll out more measures to manage a gradual economic growth that will be appropriately paired to a deceleration in inflation.

### Sportswear Leaders Excel in the Growing Market

During the period, sportswear brands faced significant challenges stemming from escalating pressure on raw material, rental and labour costs, which were inevitably passed onto consumers. Ongoing inflation and keen competition are likely to accelerate the industry's consolidation. The more efficient the supply chain management and the more differentiated the brand and its products, the more sustainable growth and profitability that a brand could achieve. Nevertheless, China's sportswear industry growth is still promising, particularly in lower-tier cities, driven by the government's persistent support for sports promotion, urbanisation and increasing wages. Meanwhile, consumers are becoming more brand-oriented and sophisticated, owing to the rising affluence. Therefore, those sportswear brands that are more responsive to market changes and capable of delivering greater values to consumers will enjoy better market share gains in the potential but increasingly consolidated industry.

#### China's Economic Data

National Income	GDP	RMB20,445.9 billion	YoY ↑ 9.6%
Urban Residents' Income	Per capita annual disposable income	RMB11,041	YoY ↑ 7.6%*
Consumption	Total retail sales of consumer goods	RMB8,583.3 billion	YoY ↑ 16.8%
	Clothing sector (including sports footwear and apparel)	RMB372.7 billion	YoY ↑ 23.9%
Inflation	CPI (2011 1H)	105.4 (2010 1H=100)	YoY ↑ 5.4%
	PPI (2011 1H)	107.0 (2010 1H=100)	YoY ↑ 7.0%

\* After deducting price factors

Source: National Bureau of Statistics of China (as at 30 June 2011)



## Strategic Brand Management Model



## BUSINESS REVIEW

### Strong Brand Equity

ANTA Sports holds fast to a well-defined vision in formulating a clear and focused brand strategy. Over the years, our effective brand building initiatives have helped us achieve leading recognition nationwide and seize market share. We continually strive to enrich our endorsement and sponsorship resources, and integrate these unique resources with interactive marketing campaigns so as to promote ANTA's professional image and quality products to target consumers. In addition, the Group leverages our extensive network to create an engaging brand encounter for consumers to fuel longer term growth.

#### 1. Endorsements and Sponsorships

ANTA Sports' collaboration with influential sports associations, top-tier leagues and elite athletes is crucial to our brand building initiatives. This has not only showcased the credentials of ANTA products in various arenas of professional performance, but has also enhanced our links to the target consumers and sports lovers. Our strategic partnership with the COC and CSD from 2009 to 2012 provides an excellent platform for ANTA sportswear to appear on elite athletes in major international competitions, which expands our brand's exposure and influence both locally and globally. ANTA Sports also endeavours to direct substantial marketing resources towards basketball and running, the two most frequently-participated sports in China. Meanwhile, in order to capture the growing potential in the female sports market, the Group has enhanced our efforts to promote the expanded women's sportswear series.

#### 2. Advertising and Promotional Campaigns

Through an innovative mix of traditional and new marketing channels, ANTA Sports devotes to maximise the marketing effectiveness of our sports sponsorship



extensive product offerings. Standardised store decor and promotional materials, such as in-store posters and billboards are provided to retail stores. Along with these, we provide guidelines on how best to highlight marketing themes and product features. Meanwhile, by continuously enhancing store layout, we create not only new shopping experience but also better customer bonding. During the period, the Group made another leap forward with the launch of our brand new 6th generation stores. Specific product corners have also been set up in key stores to distinguish core product series. The above

measures have added value to our brand desirability and enabled ANTA to remain competitive in the market.

The accolades we received were a strong proof of our brand leadership. ANTA Sports was honoured as the “Most Outstanding Brand” and the “Enterprise with the Highest Investment Value” by the China General Chamber of Commerce and the China National Commercial Information Centre. Meanwhile, we were once again the winner of the “China National Garment Association Award” and claimed the “Public Award”.

resources and strengthen our brand differentiation. Along with TVCs and other advertisements, ANTA Sports utilises e-marketing, inclusive of popular digital social networks and broadcast media, to fully extend our reach. In addition, the Group launches various in-store marketing campaigns to keep consumers familiarised with ANTA’s brand story and to echo each season’s promotional theme. At the same time, we have been the title sponsor of the “ANTA CCTV Sports Personality” since 2006. Also known as the “Sports Oscar”, the event reflects our relentless support to the sports industry and helps ANTA to reach a much wider spectrum of mass market consumers.

### 3. Store Image

ANTA Sports is devoted to maintaining a smart and consistent store image to showcase our distinctive brand concept and





## Management Discussion and Analysis



### Chinese Olympic Committee

Our strategic partnership with the COC and CSD has helped ANTA Sports to further stand out among our peers and solidify our image as the “representative of China’s sports industry”. During the period, the Group has further collaborated with the partners to reinforce our brand’s leading position while supporting sports development in China. Equipped by ANTA sportswear in the opening, closing and award ceremonies, the elite athletes achieved remarkable results in the 7th Asian Winter Games in February. In June, ANTA Sports also sponsored the Olympic Day Run to celebrate International Olympic Day and to promote the “Sports for All” movement across China. The event attracted a record number of nearly 30,000 long-distance runners in 9 cities, including our endorsed players and employees, all of whom wished to be part of the Olympic spirit. The success of these sporting events has both contributed to the brand reinforcement of ANTA and the development of the industry as a whole.

The Group also leverages internet marketing, such as Sina weibo and “AN Town” (<http://anta.qq.com>), to maximise the effect of the COC sponsorship. The e-platforms not only provide consumers with real-time updates on the COC but also help arouse public support to the CSD in the upcoming London 2012 Olympics. Meanwhile, we have set up the “COC Corner” in key stores to showcase the expanded COC licensed product series and the ANTA-designed winning uniforms provided to the CSD in various international competitions.

### Basketball

ANTA Sports is renowned for our unmatched basketball resources portfolio in China. We sponsor the CBA and CUBA, two of the most popular and influential leagues among Chinese teenagers and basketball lovers. ANTA’s strong ties with NBA stars Kevin Garnett and Luis Scola have also further fostered our leadership in the mass market basketball segment. During the period, Kevin Garnett and Luis Scola wore ANTA basketball shoes in all competitions and trainings, which is a strong proof of our products’ premium quality and advanced functionality. Our first series of marketing initiatives featuring Kevin Garnett, “Reach Higher”, robustly enhanced the link between ANTA and the sport. It also provided a strong impetus with regard to promotion of basketball in China. Meanwhile, Luis Scola interacted with crowds of fans in Beijing, Nanjing, Xian and Chengdu in his third China Tour. The gatherings and media interviews gained massive attention from the public and brought us even closer to basketball enthusiasts.



ANTA Sports shoulders the mission to lift the performance and quality of basketball throughout China. Apart from providing all sponsored league players with ANTA basketball gear to boost their performance, the Group also cooperates with the CBA and CUBA to popularise basketball participation. During the period, we co-launched innovative activities with the CBA such as the All-star Weekend and “All-star North or South” Champion Vote to interact with basketball fans. The All-star Weekend is China’s most celebrated basketball game of the year and serves to showcase the impressive talent of the CBA stars. ANTA Sports has also optimised the “KG” and CBA product series, and has set up the “Grand Basketball Corner” in key stores to further strengthen our professional basketball image.





## Women Sports

The increasing affluence and fitness awareness among women has created promising demand for specialised women's sportswear products in China. To increase our presence in this market segment, ANTA Sports has expanded the female tennis and cross-training products to a comprehensive women's sportswear series in 2011. The new collection is diversified along two product lines, namely "Sports Sculpting" and "Beauty Shaping", to fully address women's needs for both functionality and fashion. The "Sports Sculpting" line offers performance-based products to better fit wearers in body toning exercises. Meanwhile, the "Beauty Shaping" line is fashionably tailored for a woman's full range of dynamic and flexibility when enjoying both sports and leisure activities.

ANTA Sports has appointed Guo Jingjing, Olympic medallist and China's "Diving Queen", Jane Zhang, pop singer and leading tennis player Zheng Jie to endorse the new collection. We feature the healthy and energetic images of the endorsers in the "Rhythmic Bloom in the Heart"

marketing campaign to echo the collections' theme. We also emphasise a personal touch in the marketing initiatives as to focus on the specific needs and preferences of female consumers, as well as promoting happy fitness for both the mind and body. In addition, ANTA Sports has cooperated with Sohu to launch the website "Live from the Heart" (<http://antawomen.sohu.com/>), a platform that provides consumers with access to information about fitness and ANTA women's sportswear products. We believe that higher sports participation among women will contribute greatly to the overall development of the industry.

## Running

The running series continues to be our most popular and best-selling product category. As such, it is crucial to our brand's success in the mass sportswear market. In recent years, ANTA Sports has focused on spreading the joy of running to the public. We have also placed great onus on educating the public about choosing the right running shoes for their particular needs. In these endeavours, ANTA Sports is devoted to optimising our comprehensive running products

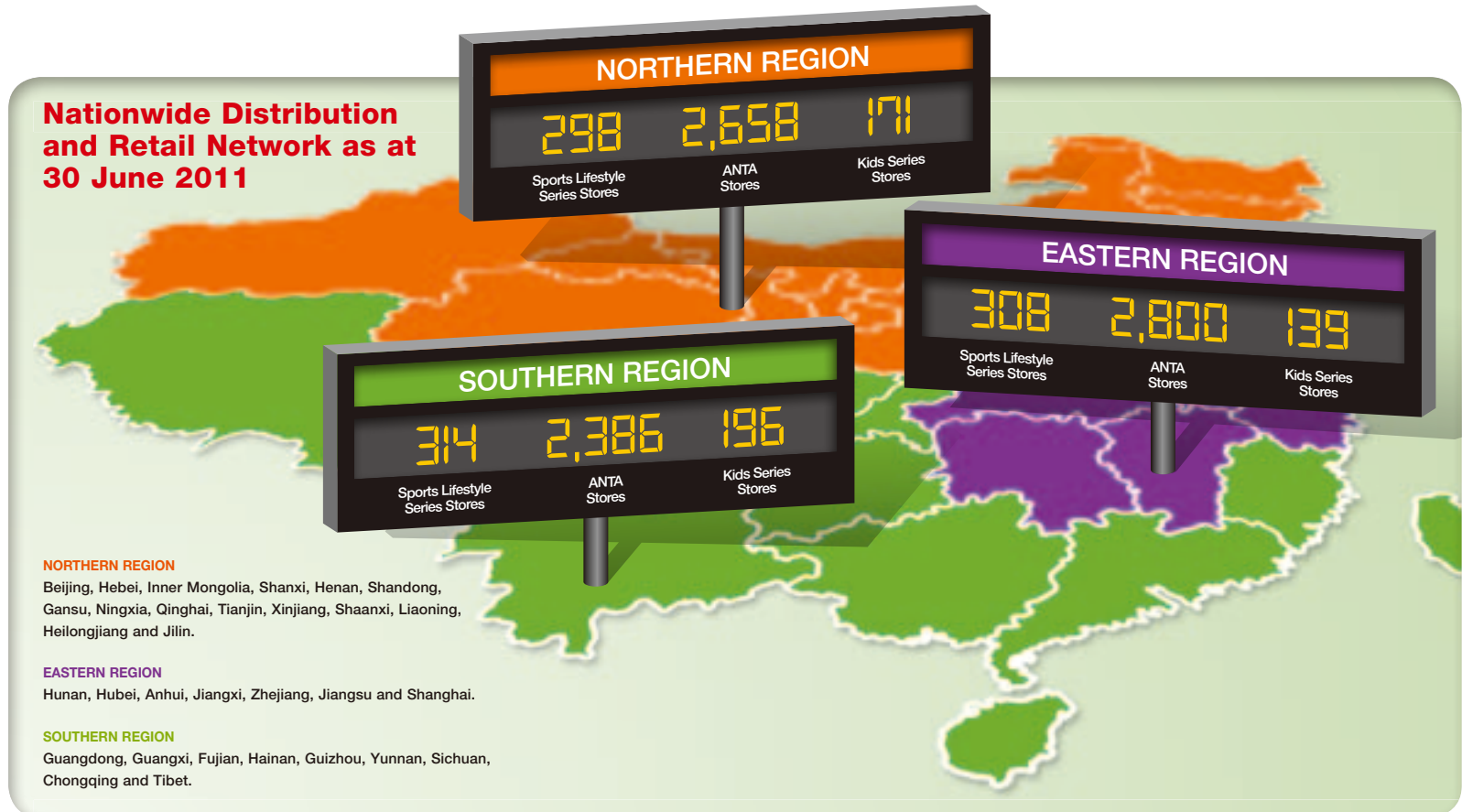
so that they suit for professional and casual runners. Building on the success of our remarkable A-Jelly cushioning and resilience technology, ANTA Sports has further diversified its application in variously-priced models so as to best target all types of runners. For instance, SUPER A-Jelly provides maximum protection and functionality for professional runners who demand premium quality while MINI A-Jelly delivers balanced performance to satisfy basic needs for casual runners. Furthermore, REBOUND and PRO A-Jelly better fit those who demand light weight footwear, such as long distance runners.

The Group continues to focus on highlighting our advanced footwear technologies through different promotional channels to increase the correlation between ANTA and running. An integrated marketing campaign, including TVCs, in-store marketing and online games, was rolled out to feature the characteristics of A-Jelly running shoes. Moreover, an interactive website (<http://www.anta.com/a-jelly/index.php>) has been launched to reinforce our brand desirability and enhance the sales performance of the running series.





## Management Discussion and Analysis



### ANTA Brand in China Market

Our determination in sustaining a healthy network through a comprehensive management system has enabled ANTA Sports to secure a stable retail performance and progressive network expansion. To maintain our lead in second and third tier cities, the Group continuously refines our execution capabilities and optimise the quality and profitability of our stores. In addition, we are devoted to fostering strong partnership with our regional distributors. This has facilitated our surveillance down to the retail level, and thus enhanced our responsiveness to market changes. We are also leveraging our network strength and expanding the retail presence in order to capture the potential in sports lifestyle and kids' market.

#### 1. Extensive ANTA Retail Network

- **Performance-based Sportswear Series**  
Our strong presence in the mass market has granted ANTA Sports a favourable position amid keen competition. To fully exploit market opportunities arising from urbanisation and wage increases, ANTA Sports continues to penetrate into high growth areas and optimise the location and size of ANTA stores. As at 30 June 2011, the Group managed a nationwide network through approximately 60 regional distributors. The number of stores grew by 295 to 7,844 (end of 2010: 7,549). Total sales floor area and average sales floor area per store were approximately 937,000 sq. metres and 119 sq. metres respectively. Meanwhile,

the Group strategically expands our presence in online business and collaborates with popular e-commerce platforms including taobao.com, letao.com, amazon.cn and okBuy.com to reach more online shoppers.

- **Sports Lifestyle Series**  
The Sports Lifestyle series provides a diversified range of trendy leisure sportswear, which targets at style-conscious teenagers and the younger working class in the mass market. The Group strategically tailors in-store layout and product display to echo the collection's distinctive and trendy image. As at 30 June 2011, the number of Sports Lifestyle series stores grew by 171 to 920 (end of 2010: 749).



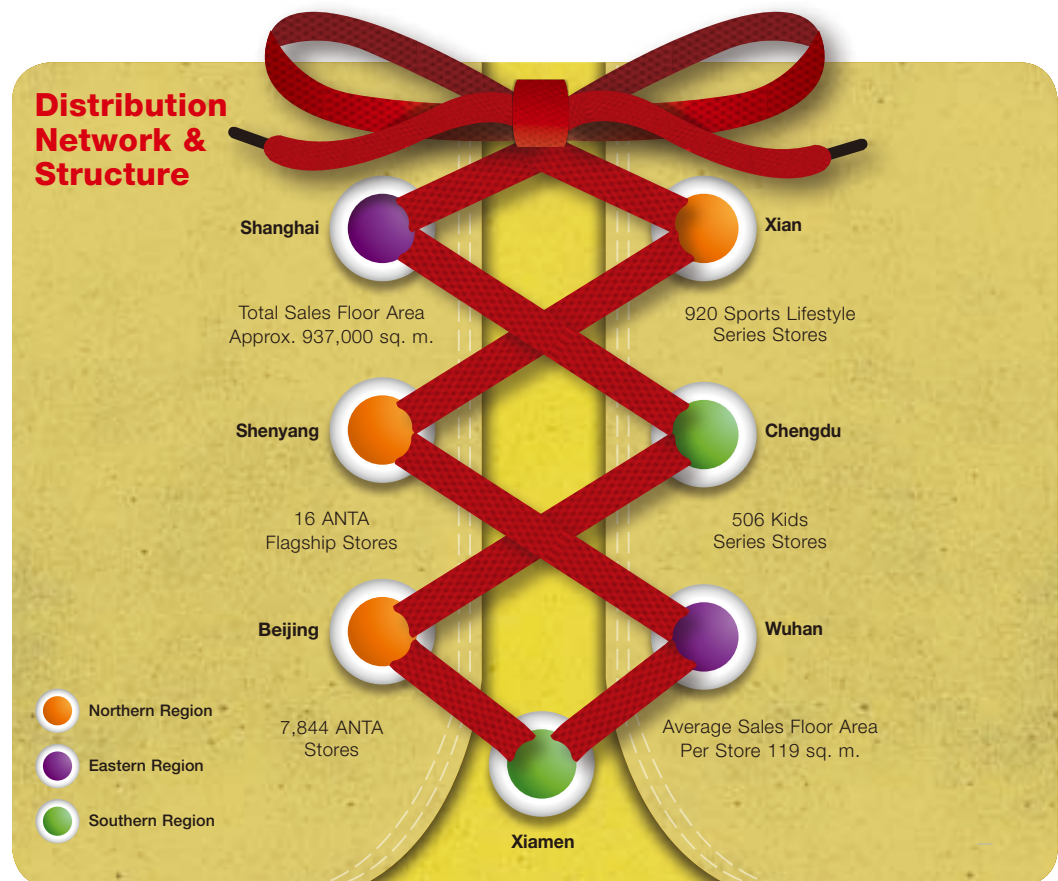
- **Kids Sportswear Series**

Parents have become more conscious with regard to the quality and functionality of the children's products. They incline to purchase branded products with assured quality and protectiveness. In view of this, ANTA Sports has further expanded our network to showcase the enhanced Kids Sportswear series. As at 30 June 2011, the number of stores grew by 123 to reach 506 (end of 2010: 383).

## 2. *Effective Network Planning and Management System*

ANTA Sports has implemented a comprehensive system to effectively monitor the network performance and obtain feedback for timely evaluations as well as strategic planning. We always strive to strengthen the execution capabilities and competitiveness of our network. Our sales teams located in 3 regional centres and 7 branch offices allow us to promptly communicate with distributors and franchisees. The Group also spares no effort to provide them trainings and guidance on daily operations and customer service. Meanwhile, ANTA Sports proactively involves distributors in the setting of key performance benchmarks such as network inventory and retail discount level so they will have a clear accountability and agreed-upon targets. The Group's cohesive relationship with our partners help us implement strategies for continual betterment of network quality.

ANTA Sports is dedicated to enhancing our analytical capabilities so as to identify market potentials and network issues. We monitor the network expansion progress and retail performance through the real-time ERP system, weekly reports submitted by POS and frequent channel checks by our sales people. Market trend analyses as well as feedback with regard to sales and product performance are shared regularly with distributors and franchisees to facilitate their



planning for store expansion and trade fair orders. Such communications are particularly important for maintaining store efficiency and profitability in the long run.

## 3. *Outstanding Store Image*

Store image is an effective tool to showcase our differentiated brand concept and diversified products. To stand out in the marketplace, ANTA Sports is committed to enhancing our shop decor and display quality. The brand new 6th generation stores and the 16 ANTA flagship stores with enhanced setting and display have added value to consumers' shopping experience. The Group has also set up "COC Corner" and "Grand Basketball Corner" in key stores to highlight the features of special products series.

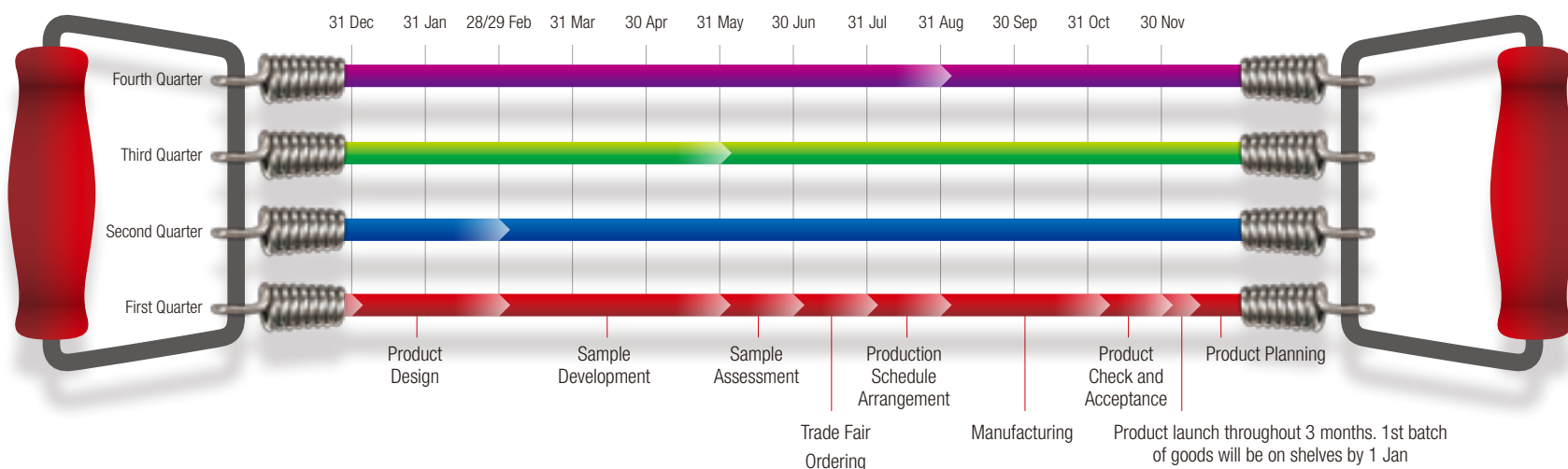
## ANTA Brand in Overseas Markets

Apart from focusing on the world's highest-potential Chinese market, ANTA Sports is strategically exploring opportunities in selected overseas markets. Leveraging our partnership with the COC and international endorsers such as Kevin Garnett, Luis Scola and Jelena Jankovic, ANTA has gained rising international exposure in recent years. In addition, by collaborating with our overseas distributors, ANTA has further penetrated Southeast Asia, Eastern Europe and the Middle East during the period. Thus, we have progressively enhanced our presence in high potential overseas markets.



# Management Discussion and Analysis

## Cycle Of Product Design, Production And Delivery



## Supply Chain Management

Our focus on product innovation and quality enhancement is essential for ANTA Sports in achieving sustainable leadership. The recognition of ANTA as China's top seller of travel and sports shoes for 10 straight years illustrates our advanced technology and cutting-edge design. The "Technology Innovation Award" for our A-Jelly footwear technology in the 2010 Public Appraisal of "Most Pioneering Equipment for Modern Campus" campaign also reflects our products' premium value and popularity in the mass sportswear market. Our flexible supply chain and solid execution capability allow ANTA Sports to promptly respond to the ever-changing market. Furthermore, we are committed to optimising our operational efficiency and product value so as to remain competitive amid rising inflationary pressures.

### 1. Product Innovation

Technological innovation and product differentiation are our key success factors.

ANTA Sports is dedicated to optimising the functionality and design of our products to offer consumers the best value for money. The Group not only devotes increasing resources to foster our internal R&D capabilities, but also further collaborates with external institutions to explore new inspirations. Apart from the cooperation with DuPont and 3M, ANTA Sports also works with Outlast Technologies, Inc. to launch products which interact with the wearers' body and the environment to moderate temperature and enhance comfort level. Such technology helps keep the body warm in winter and cool in summer, and can be widely used in various product series to meet specific consumer needs.

ANTA Sports continues to perfect existing technologies while unveiling new innovations to cater both professional users and casual consumers. For instance, the R&D findings and endorsed-athletes' feedback pertaining to the sponsored outfits have enabled ANTA Sports to adapt these cutting-edge fabrics

and technology for use in the mass market products. We have also spared no effort to bring new product look and features so as to arouse consumer excitement. During the period, the Group introduced 1,200, 2,000 and 800 new styles to the footwear, apparel and accessory portfolio respectively.

### 2. Quality Control

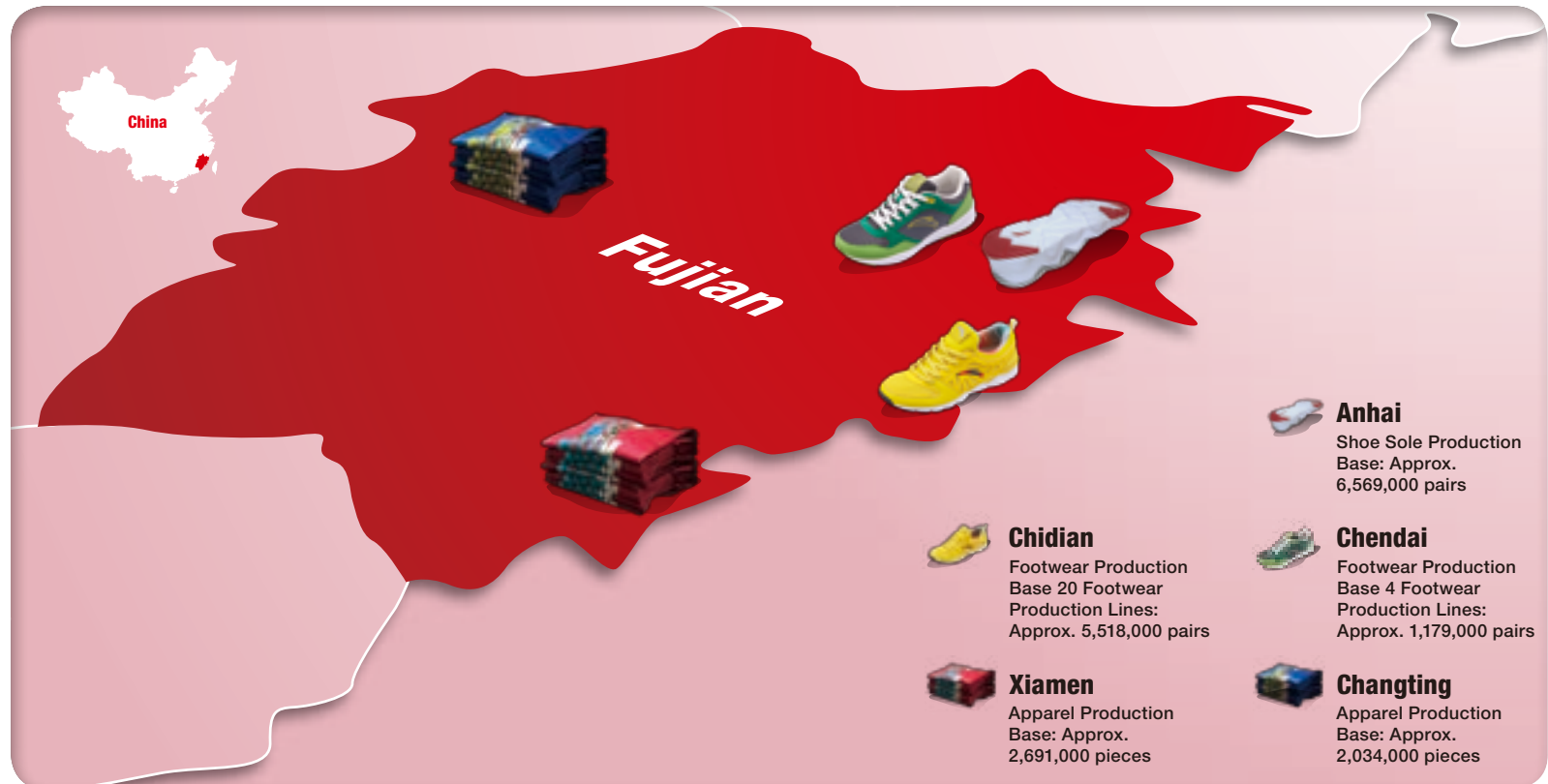
We believe that consumers deserve sportswear which is functional and stylish, and more importantly, comfortable and protective. Therefore, from the product planning stage onwards, ANTA Sports implements stringent quality control to ensure that all products comply with national quality standards. Our ANTA Technology Centre has also adopted scientific and systemic tests to identify and minimise possible problems concerning raw materials, production processes and finished products. Moreover, not only do we share industry news with our suppliers but we also support them in improving their quality control capabilities.

## ANTA's Footwear Technology





## Production Bases in Fujian Province



Meanwhile, the Group actively participates in several national and industry standard setting committees, with the aim at lifting the technical standards and image of the industry.

### 3. Supply Chain and Operational Management

Effectiveness and agility are important for ANTA Sports to outpace the competition. Amid escalating inflationary pressures, our procurement team has strengthened the cost monitoring and control systems to keep us abreast of cost trends and thus ensure

that timely and appropriate decisions are made. Meanwhile, ANTA Sports optimises the workflow and manufacturing processes of our production bases so as to stay cost competitive and flexible. Suppliers, OEMs and ODMs also play a crucial role in our supply chain strength. Thus, ANTA Sports shares with them cost information and operational advancement suggestions, as well as arranges collective material orders to enjoy mass purchase discounts. Furthermore, the Group is committed to improving our management capabilities in order to further sustain the operational efficiency and profitability.

### 4. Production Capabilities

The Group strategically optimises the in-house and outsourced production mix to better respond to changing consumer preferences and market conditions. During the period, approximately 6.7 million pairs of ANTA footwear and 4.7 million pieces of ANTA apparel were produced in-house. The respective proportions of self-produced footwear and apparel being procured were 33.9% and 12.8% (2010 1H: 44.8% and 14.5%). The graph above sets out the details of the Group's production bases and the quantity of products manufactured at each base during the period.

## Fila Business in the PRC

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 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 the 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 30 June 2011, the Group's distributors have been operating nearly 200 FILA stores in major cities of the PRC and the Group has nearly 10 FILA stores 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 the 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 products' 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.



# Management Discussion and Analysis

## FINANCIAL REVIEW

	Six months ended 30 June		
	2011	2010	Changes
	(RMB million)	(RMB million)	(in %)
Turnover	4,451.4	3,453.1	28.9
Gross profit	1,905.1	1,509.8	26.2
Profit from operations	1,096.5	894.8	22.5
Profit attributable to equity shareholders	927.3	760.2	22.0
Free cash inflow	600.2	735.5	(18.4)
	(RMB cents)	(RMB cents)	(in %)
Earnings per share			
– Basic	37.18	30.50	21.9
– Diluted	37.08	30.40	22.0
Shareholders' equity per share	244.42	213.03	14.7
	(HK cents)	(HK cents)	(in %)
Interim dividend per share	26	20	30.0
	(in %)	(in %)	(in % points)
Gross profit margin	42.8	43.7	(0.9)
Operating profit margin	24.6	25.9	(1.3)
Margin of profit attributable to equity shareholders	20.8	22.0	(1.2)
Effective tax rate	20.4	20.7	(0.3)
Advertising and promotional expenses (as a percentage of turnover)	12.6	12.0	0.6
Staff costs (as a percentage of turnover)	8.4	8.9	(0.5)
R&D costs (as a percentage of cost of sales)	3.5	2.9	0.6

	As at 30 June	
	2011	2010
	(in %)	(in %)
Average total shareholders' equity to average total assets	80.5	82.0
Return on average total shareholders' equity (annualised) <sup>(1)</sup>	31.8	29.5
Return on average total assets (annualised) <sup>(2)</sup>	25.6	24.2
	(in 181 days)	(in 181 days)
Average inventory turnover days <sup>(3)</sup>	36	38
Average trade receivables turnover days <sup>(4)</sup>	24	17
Average trade payables turnover days <sup>(5)</sup>	34	37

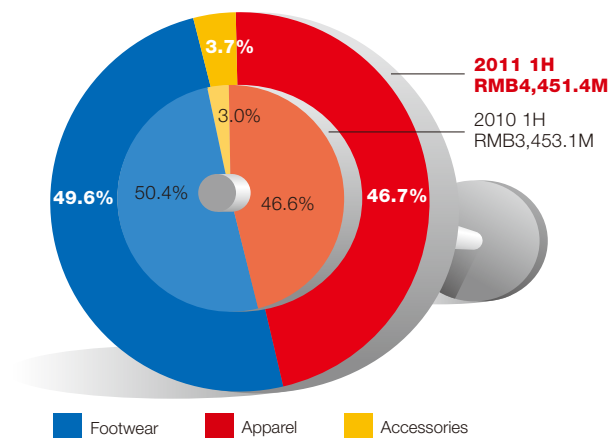
### Notes:

- 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 period.
- 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 period.
- 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 period.

## Turnover by Product

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

Six months ended 30 June					
	2011		2010		Changes (%)
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Footwear	2,207.9	49.6	1,740.4	50.4	26.9
Apparel	2,079.7	46.7	1,610.2	46.6	29.2
Accessories	163.8	3.7	102.5	3.0	59.8
	<b>4,451.4</b>	<b>100.0</b>	<b>3,453.1</b>	<b>100.0</b>	<b>28.9</b>



During the financial period, turnover increased by 28.9% as compared with the same period in 2010 because of the increase in ASP, additional product

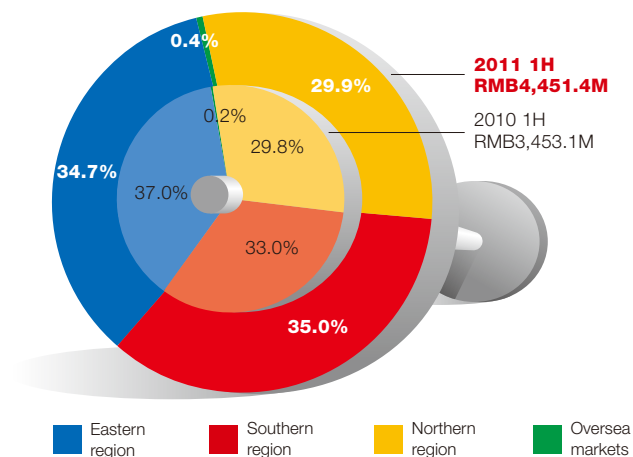
offerings and expansion of the distribution network. The share of apparel and accessories in sales increased from 49.6% for the first half of 2010 to

50.4% for the financial period. It reflected that our apparel and accessories design was well received by the market.

## Turnover by Region

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

Six months ended 30 June					
	2011		2010		Changes (%)
	(RMB million)	(% of turnover)	(RMB million)	(% of turnover)	
Eastern region <sup>(1)</sup>	1,542.6	34.7	1,275.7	37.0	20.9
Southern region <sup>(1)</sup>	1,560.8	35.0	1,140.4	33.0	36.9
Northern region <sup>(1)</sup>	1,329.7	29.9	1,028.6	29.8	29.3
China market	4,433.1	99.6	3,444.7	99.8	28.7
Overseas markets <sup>(2)</sup>	18.3	0.4	8.4	0.2	117.9
	<b>4,451.4</b>	<b>100.0</b>	<b>3,453.1</b>	<b>100.0</b>	<b>28.9</b>



Notes:

(1) For details of region coverage, please refer to page 14.

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

The turnover of each region became more balanced to lessen the seasonality effect on our supply chain.



## Management Discussion and Analysis

### 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 period:

Six months ended 30 June					
	2011		2010		Changes
	(RMB million)	(% of cost of sales)	(RMB million)	(% of cost of sales)	(%)
Self-production					
Raw materials	303.3	11.9	287.2	14.8	5.6
Direct labour	127.4	5.0	144.9	7.5	(12.1)
Overhead	121.5	4.8	103.8	5.3	17.1
	<b>552.2</b>	<b>21.7</b>	535.9	27.6	3.0
Subcontracting arrangement					
Raw materials	33.4	1.3	141.5	7.3	(76.4)
Subcontracting charges*	22.0	0.9	123.3	6.3	(82.2)
	<b>55.4</b>	<b>2.2</b>	264.8	13.6	(79.1)
Outsourced production					
OEM/ODM	1,938.7	76.1	1,142.6	58.8	69.7
<b>Total</b>	<b>2,546.3</b>	<b>100.0</b>	1,943.3	100.0	31.0

\* The subcontracting charges stated in note 5 to the interim financial report included raw material processing fee. Such fee is included in the cost of raw materials in this analysis.

The Group has engaged more OEM/ODM to meet with the increasing demand from distributors so that the Group is able to increase its lateral production capacity.

### 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 period:

Six months ended 30 June					
	2011		2010		Changes
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	(% points)
Footwear	945.2	42.8	806.8	46.4	(3.6)
Apparel	893.3	43.0	660.6	41.0	2.0
Accessories	66.6	40.7	42.4	41.4	(0.7)
<b>Overall</b>	<b>1,905.1</b>	<b>42.8</b>	1,509.8	43.7	(0.9)

The overall decrease in gross profit margin mainly represented the impact on the newly imposed city construction tax and education surcharge by the PRC tax bureau since December 2010.

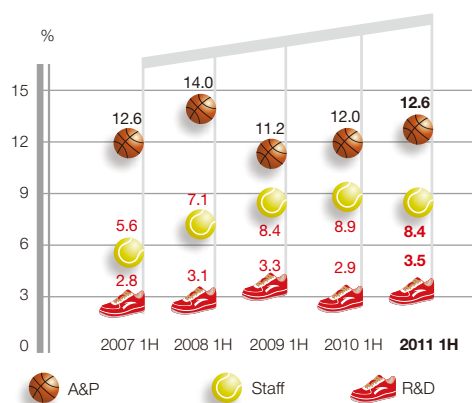


## Other Revenue

Other revenue for the financial period mainly represented government grants of RMB35.9 million (2010: RMB8.1 million).

## Operating Expenses Ratios

The ratio of advertising and promotional expenses to turnover has increased by 0.6% points for the financial period as we have spent more budget to prepare for the 2012 London Olympic. The ratio of staff costs to turnover has decreased by 0.5% points as our management team has achieved operational efficiency during the financial period. The ratio of R&D costs to cost of sales has increased by 0.6% points in line with the Group's R&D strategy.



## Operating Profit Margin

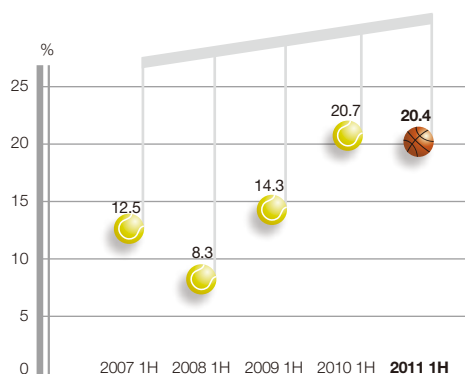
Operating profit margin decreased by 1.3% points which is more than the 0.9% points decrease in the gross profit margin for the financial period, which was mainly due to the increase in the ratio of advertising and promotional expenses to turnover by 0.6% points.

## Net Finance Income

The increase in interest income was mainly due to more RMB placed in banks and increase in interest rates during the financial period.

## Effective Tax Rate

Effective tax rate remained stable and decreased from 20.7% for the first half of 2010 to 20.4%.



## Margin of Profit attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 1.2% points which is due to the 1.3% points decrease in operating profit margin for the financial period.

## Dividends

The Board has recommended an interim dividend of HK26 cents per ordinary share in respect of the financial period, representing a total payout of RMB537.2 million (2010: RMB435.8 million), or a distribution of 57.9% (2010: 57.2%) of the current financial period's profit attributable to equity shareholders.

## Liquidity and Financial Resources

As at 30 June 2011, the cash and cash equivalents of the Group amounted to RMB3,308.6 million (placement of fixed deposits held at banks with maturity over three months totalling RMB1,050.0 million was regarded as an investing activity), representing a decrease of RMB82.6 million as compared with the total cash and cash equivalents of RMB3,391.2 million as at 31 December 2010. The total cash and bank balance (including pledged deposits) was RMB4,373.4 million as at 30 June 2011 (as at 31 December 2010: RMB4,300.8 million), representing a 1.7% increase. This is mainly attributable to:



# Management Discussion and Analysis

- Net cash inflows from operating activities amounted to RMB705.5 million, representing strong working capital management and outstanding operating results.
- Net cash outflows from investing activities amounted to RMB255.3 million, comprising mainly the net increase in placement of fixed deposits held at banks with maturity over three months by RMB150.0 million, and capital expenditure amounting to RMB105.5 million.
- Net cash outflows from financing activities amounted to RMB523.6 million, mainly representing the payment of the final dividend in respect of the financial year 2010, offsetting with the cash proceeds on exercise of share options.

As at 30 June 2011, total assets of the Group were RMB7,563.0 million of which current assets were RMB6,190.8 million. Total liabilities and non-controlling interests were RMB1,467.1 million and total shareholders' equity amounted to RMB6,095.8 million. In addition, there were no outstanding bank loans, bonds or debentures.

Due to strong growth of profit attributable to equity shareholders, the annualised return on average total shareholders' equity increased from 29.5% for the first half of 2010 to 31.8% for the financial period and the annualised return on average total assets increased from 24.2% for the first half of 2010 to 25.6% for the financial period.

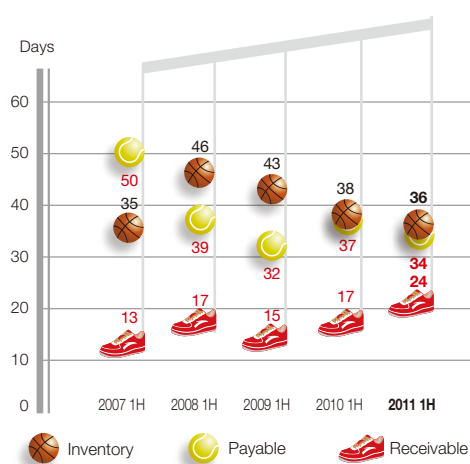
A table analysing the Group's free cash inflow for the financial period was disclosed below.

	Six months ended 30 June	
	2011 (RMB million)	2010 (RMB million)
Operating cash inflow	705.5	817.3
Capital expenditure	(105.5)	(82.3)
Others	0.2	0.5
Free cash inflow*	600.2	735.5
Cash and bank balances (including pledged deposits)	4,373.4	4,213.5

\* 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. The average receivable turnover days has increased by one week because the Group encouraged the distributors to use the un-utilised credit limit for launching our 6th generation store layout.



## Pledge of Assets

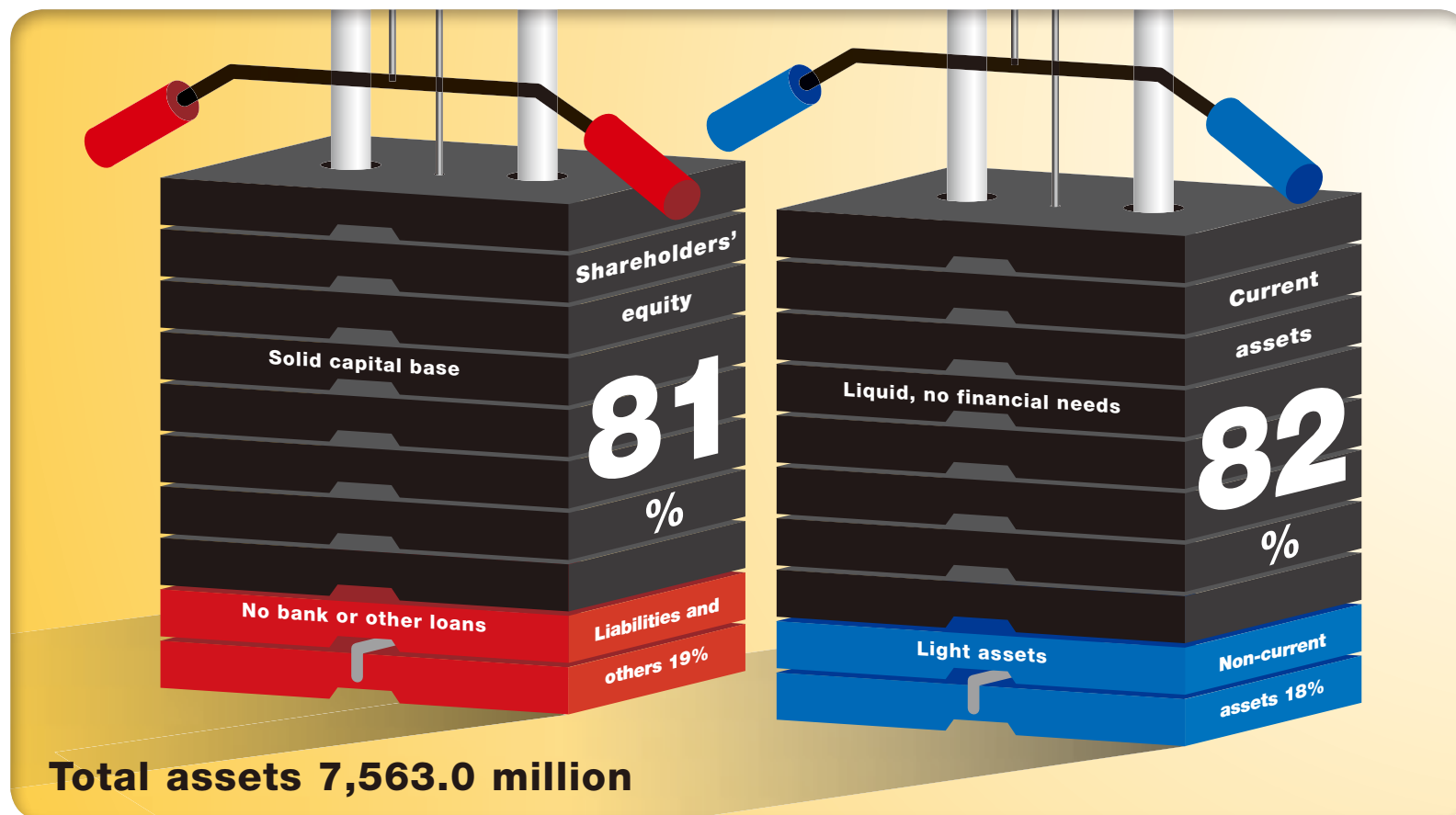
As at 30 June 2011, the Group had bank deposits of RMB14.7 million pledged (as at 31 December 2010: RMB9.6 million) to secure bankers' documentary credits for certain construction projects.

## Capital Commitments and Contingencies

As at 30 June 2011, the Group had capital commitments of RMB365.1 million, primarily relating to development of new information management systems, the expansion of our apparel production facilities in Xiamen and the establishment of an operational centre in Xiamen.

As at 30 June 2011, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current pending or potential material legal proceedings involving the Group.

## Strong Financial Position



### 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 period, 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.



## Management Discussion and Analysis

### PROSPECTS

The Chinese government's resolute policies on spurring domestic demand and optimising the country's economic structure have proven to be successful in bringing about healthy economic growth. Meanwhile, to curb the challenges arising from inflation, policymakers are expected to moderate economic growth through continued monetary tightening measures. Though raw material prices may likely follow the downward trend of the commodity markets, the cost pressures in the pipeline remain elevated. Thus, the uptrend in consumer prices will likely carry over into the second half of 2011, which may weaken consumer confidence and put a slight drag on consumption growth. Nevertheless, the nation's 12th five-year plan will continue to enhance purchasing power, urbanisation and sports participation, which will combine to further fuel the growing demand for sportswear. Therefore, we remain devoted to seizing every opportunity to expand our market share and reinforce our leadership and competitive edges in this growing and increasingly consolidated industry.

### Making the Best of ANTA's Superior Sponsorship Resources

The Group is determined to further strengthen ANTA's brand equity and achieve an even stronger link with our consumers. We aim to do so by maximising the effectiveness of our comprehensive sponsorship and endorsement portfolio. On the back of Luis Scola's highly successful China tour in May, our endorsed NBA superstar Kevin Garnett is returning to China to meet with fans this summer. His strong influence and popularity in China really drives home the connection between ANTA and basketball lovers. In addition, we are glad to take up the responsibility of nurturing future talents and supporting the countrywide development of basketball. Besides inviting our endorsed NBA and CBA stars to share their skills and experience in basketball training events, we are going to launch a "Street Basketball Contest" series and ANTA outdoor basketball products to help further popularise the sport among youths. Meanwhile, with our in-depth experience we are well prepared



to outfit the COC and CSD with the most eye-catching and highest quality sportswear for the London 2012 Olympics. We believe the games and Chinese medallists will draw lots of public attention, and further raise people's affinity for ANTA.

### Diversifying Product Offerings to Tap the Growing Demand for Sportswear

Everyone, from policymakers, to sports officials to the Group and our endorsers, is committed to promoting "Sports for All" movement in China. These efforts boost the health awareness of Chinese people, and more importantly result in more women taking part in sports. To better cater to growing demand from female consumers, the Group will further diversify our women's product portfolio. We will also capitalise on this market

potential by optimising the technology and design across the entire range of our products and we will integrate more functionalities, athletic-fit fabrics and stylish design elements to our products. Moreover, we will leverage our solid R&D resources to both upgrade the protection and comfort levels of our basketball and running series and continue to lead the market with our strength in innovation. The Group is highly responsive to the demands of style-conscious young people and children. As such, we are fully devoted to expanding the product mix of our Sports Lifestyle and Kids Sportswear series. Furthermore, the Fila business in the PRC, with its unique brand positioning and differentiated products, offers a long-term growth opportunity for the Group in the high-end market.

### Optimising the Quality of the Nationwide Distribution Network

The Group continues to foster the sustainability and profitability of our distribution network, a key competitive edge that helps us outperform in China's sportswear market. We always put great effort in strengthening our network management system. We also work closely with our distributors and franchisees, from providing store opening and quarterly order planning guidance to regular merchandising and customer service training. In addition, we believe that sharing market trend analyses helps enhance our retailers' store efficiency. More real-time retail data will be collected from stores through trial runs and the implementation of a new IT system in coming years. We also have a well-planned store expansion strategy in place and are dedicated to reinforcing the network's penetration in the fast-growing mass market. Meanwhile, we continue to optimise store sizes and locations, and the 6th generation store standard, which enjoys better product displays will be launched progressively at the store level. Finally, more marketing and endorsement events will be held in key stores to boost shopping traffic and sales amid the potential challenges.

### Store Expansion Plan in 2011



### Enhancing Product Innovation and Operational Efficiency

Chinese consumers are becoming more sophisticated and demanding more highly differentiated sports products. Leveraging our talents of ANTA Technology Centre and external R&D partners, we are well-equipped to achieve breakthroughs in product innovation. These in turn will help us roll out more value-added products to cater to the different needs of consumers. We will continue to upgrade and expand the application of our core technologies in wider

ranging of sportswear products. Moreover, shape-fit cutting and advanced fabrics will be used to enhance the functionality of our apparel products. More importantly, increased cost pressures have undermined some sportswear players' profitability, thus accelerating industry consolidation. As a leading sportswear brand in China, the Group will make the most of our efficient supply chain management system to ease cost pressures. Meanwhile, we will continually enhance our brand-building, innovation and network quality to best achieve healthy growth and profitability amid keen market competition, as well as help our supply chain and network partners to stay competitive.



**RHYTHM  
BLOOM IN  
THE HEART**



# Corporate Social Responsibility Report

Corporate social responsibility forms an integral part of the Group's culture and core values, as it is fundamental to our success in creating value for stakeholders. Devoted to long term business growth, the Group makes every effort to ensure environmental and social sustainability. We incorporate our social responsibilities into our corporate strategies and operational decisions. The Company develops our business, and at the same time, contributes to the community and upholds legal compliance.

## ANTA and Society

### 1. Community Care

Being one of the leading sportswear enterprises in China, ANTA Sports actively takes part in various community services, and involves our staff and endorsers in making societal contributions. In May 2011, the Group officially set up a charitable body named "ANTA Sunshine Association" with the aims of nurturing the youth, promoting environmental



protection and helping the needy. Donations were made to education institutes to enhance students' learning environments. The Group's volunteer team also offered warm support to needy children in Xiamen, Beijing and Tibet. During their visits, our staff organised sports activities and gave away stationery, sportswear and gear to the children. Moreover, the Group's endorsed NBA player Luis Scola visited the Yao Foundation Primary Hope School in Guangyuan during his China tour to show his love and care to the children affected by the Sichuan earthquake.

### 2. Environmental Care

The Group is committed to building a greener world while delivering quality products to consumers. Apart from abiding by relevant environmental regulations and rules, the Group has set out codes and implemented measures to conserve resources and minimise waste in our business operations. We explore every means to adopt eco-friendly materials



in our product offerings such as organic cotton and bio-degradable substances. The Group will continue to spread the message of environmental sustainability, and work with our staff and business partners to contribute to this ideal.

## ANTA and Staff

### 1. Talent Development

The Group always regards people as our most valuable asset. We believe sound human capital management enhances staff productivity and loyalty, which ultimately benefits business growth. As at 30 June 2011, ANTA Sports had a total of 13,500 employees (end of 2010: 11,800 employees). In addition to on-the-job training, the Group regularly provides staff with extensive training in various fields to help build their competencies and equip them for the challenges ahead. Care programmes and orientation camps are organised for new recruits to help them become familiarised with ANTA Sports' corporate culture, as well as our brand and product knowledge.



# Corporate Social Responsibility Report

## 2. Labour Rights Protection

Anta Sports strictly complies with labour laws, regulations and industry practices, such as entering into employment contracts and forbidding child labour. This commitment is also shared with our business partners. Moreover, the Group is highly concerned about occupational safety and endeavours to foster a working environment that is always safe and healthy. To ensure that working conditions are risk and hazard free, strict safety guidelines at factories are set out. Adequate protection gear and regular trainings are also provided to factory workers to avoid workplace injuries.

## 3. Comprehensive Remuneration and Welfare Package

The Group provides staff with competitive remuneration and comprehensive welfare programmes, which include share option scheme, regular body checks and mental health seminars. The Group frequently holds leisure and sports activities, such as birthday parties, outings, sports club events and basketball competitions, so as to keep team spirit up and enhance staff loyalty. The Group also encourages a work-life balance and provides staff with sports and leisure amenities, including tennis courts, basketball courts, leisure centres and gym facilities. In addition, based on employee feedback, we have enhanced food choices and quality in staff canteens, and have also added more staff quarters.



## 4. Corporate Culture of Excellence

ANTA Sports fully understands that a set of well defined corporate cultural values is the key to long term success. Thus, the Group continues to reinforce our corporate culture programme with a wide range of training activities and campaigns to help our staff and business partners better achieve our mission and strategies. At the same time, we treat our employees with respect, and motivate them through a fair performance appraisal system. The Group also values the opinions of our staff, and considers their suggestions while formulating policies. In addition, various channels are established so as to facilitate bilateral communications, including “CEO Day”, employee satisfaction survey and regular forums. All these help enhance the cohesion among staff, as well as their sense of belonging.

## ANTA and Industry

### 1. Substantial Support for Industry Development

The Group is dedicated to playing a complete role in promoting the ongoing development of the sportswear industry and commits considerable resources to encourage public participation in sports. In June, we joined hand with the COC in organising the 25th Olympic Day Run. We designed and provided sportswear to nearly 30,000 participants in nine cities to promote the “Sports for all” movement and the Olympic Spirit. We also collaborated with our partners, the CBA and CUBA, and endorsed players to popularise sports among women and youths. During the period, the Group participated in various events to promote the sportswear industry and enhance its image, such as the “13th International Shoe Expo” and the “27th China International Sporting Goods Show”.



# Corporate Social Responsibility Report

## 2. Nurture of Sport Talents

Lifting the sports performance and quality of Chinese athletes is crucial to the nation's long term sports development. ANTA Sports puts strong emphasis on nurturing sports talents and addressing their needs. We believe that sponsoring sports leagues and associations is not mere brand building. More importantly, it grants more resources for the training and development of local athletes. In May, the Group became the first group of commercial enterprises to support the "Champion Fund", jointly launched by Olympic gold medallist Yang Yang and the Red Cross of China, which aims at addressing the needs of retired athletes and promoting sports development among the youth in the country. We also leveraged the influence of the CBA All-Star Game to advance charity, by donating to the China Youth Development Foundation.



## ANTA and Distributors

The success of the Group's distributors and franchisees reflects the prosperous growth of our business. The support that the Group offers to our distributors and franchisees includes information and resource sharing, regular training and the provision of standardised display equipment and promotional materials for stores. We also facilitate our partners in store image upgrades and inventory management so as to enhance retail performance and operation efficiency. Striving for future improvements, the Group also values feedback from the distribution network.

## ANTA and Suppliers

Suppliers, OEMs and ODMs are the pillars of success for ANTA Sports' supply chain management. We treat our suppliers as ongoing partners and share our corporate culture with them. The Group actively shares the best practices on enhancing suppliers' management, operational and R&D capabilities so as to guarantee effective control over product quality. Moreover, the Group is dedicated to achieving mutual benefits with our suppliers through collaboration, such as the collective procurement of materials to ease cost pressures.

## ANTA and Consumers

Standing fast on the "value-for-money" pledge of our products, the Group is committed to delivering quality products and services to customers. We spare no efforts in investing in product innovation and diversification to better serve the ever-changing needs of consumers. The Group also values consumers' feedback, putting in place various communication channels, such as product websites, online forums and customer service hotlines.

## ANTA and Investors

ANTA Sports is dedicated to offering the public a fair, prompt and accurate communication platform through which they can obtain the Group's most up-to-date information. We disseminate the latest information in strict compliance with the Listing Rules, under which periodic updates and reports are distributed in a proactive and timely manner. To facilitate communications between senior management and stakeholders, the Group regularly organises meetings with shareholders, investors and analysts, roadshows, press conferences and company visits. Useful information and updates are also made available in ANTA's brand and investor relations websites (<http://www.anta.com> and <http://ir.anta.com>).



**REACH  
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## Review Report of the Auditors



Review Report to the Board of Directors of

**ANTA Sports Products Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 34 to 47 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The Directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

8 August 2011



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
Turnover	3	4,451,388	3,453,063
Cost of sales		(2,546,332)	(1,943,291)
<b>Gross profit</b>		<b>1,905,056</b>	1,509,772
Other revenue		40,621	15,656
Other net loss		(406)	(592)
Selling and distribution expenses		(672,112)	(502,154)
Administrative expenses		(176,707)	(127,860)
<b>Profit from operations</b>		<b>1,096,452</b>	894,822
Net finance income	4	66,293	60,461
<b>Profit before taxation</b>	5	<b>1,162,745</b>	955,283
Taxation	6	(237,045)	(198,079)
<b>PROFIT FOR THE PERIOD</b>		<b>925,700</b>	757,204
<b>Other comprehensive income for the period</b>			
Exchange difference on translation of financial statements of operations outside Mainland China		(9,222)	(29,329)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>916,478</b>	727,875
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		927,277	760,228
Non-controlling interests		(1,577)	(3,024)
<b>PROFIT FOR THE PERIOD</b>		<b>925,700</b>	757,204
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		918,055	730,899
Non-controlling interests		(1,577)	(3,024)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>916,478</b>	727,875
<b>Earnings per share</b>	7	<b>RMB cents</b>	RMB cents
— Basic		37.18	30.50
— Diluted		37.08	30.40

The accompanying notes form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 18(i).



## Condensed Consolidated Statement of Financial Position

As at 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	30 June 2011 RMB'000	31 December 2010 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	487,912	503,474
Construction in progress	9	175,025	149,628
Lease prepayments	10(a)	35,435	35,835
Prepayments for acquisition of land use rights	10(b)	90,264	42,807
Intangible assets	11	537,575	531,349
Deferred tax assets	17(b)	45,930	46,343
<b>Total non-current assets</b>		<b>1,372,141</b>	1,309,436
<b>Current assets</b>			
Inventories	12	545,675	453,823
Trade and other receivables	13	1,271,768	990,441
Pledged deposits	14	14,734	9,640
Fixed deposits held at banks with maturity over three months	15	1,050,000	900,000
Cash and cash equivalents	15	3,308,646	3,391,151
<b>Total current assets</b>		<b>6,190,823</b>	5,745,055
<b>Total assets</b>		<b>7,562,964</b>	7,054,491
<b>Current liabilities</b>			
Trade and other payables	16	1,192,283	1,070,646
Amount due to a related party	20(b)	1,994	2,745
Current taxation	17(a)	84,986	90,002
<b>Total current liabilities</b>		<b>1,279,263</b>	1,163,393
<b>Net current assets</b>		<b>4,911,560</b>	4,581,662
<b>Total assets less current liabilities</b>		<b>6,283,701</b>	5,891,098



## Condensed Consolidated Statement of Financial Position

As at 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	30 June 2011 RMB'000	31 December 2010 RMB'000 (audited)
<b>Non-current liabilities</b>			
Long-term payable to non-controlling interests — unsecured and at amortised cost		42,212	41,582
Deferred tax liabilities	17(b)	94,542	118,784
<b>Total non-current liabilities</b>		<b>136,754</b>	160,366
<b>Total liabilities</b>		<b>1,416,017</b>	1,323,759
<b>Net assets</b>		<b>6,146,947</b>	5,730,732
<b>Equity</b>			
Share capital	18	242,008	241,991
Reserves	18	5,853,815	5,436,040
<b>Total equity attributable to equity shareholders of the Company</b>		<b>6,095,823</b>	5,678,031
<b>Non-controlling interests</b>		<b>51,124</b>	52,701
<b>Total liabilities and equity</b>		<b>7,562,964</b>	7,054,491

The accompanying notes form part of this interim financial report.

**Ding Shizhong**  
Chairman and Chief Executive Officer

**Lai Shixian**  
Chief Operating Officer

**Ling Shing Ping**  
Chief Financial Officer

Hong Kong, 8 August 2011

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company											
	Note	Share	Share	Capital	Statutory	Exchange	Share-based	Retained	Total	Non-	Total	
		capital	premium	reserve	reserve	reserve	compensation	profits		controlling		equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000		RMB'000
Note 18(a)	Note 18(b)	Note 18(c)	Note 18(d)	Note 18(e)	Note 18(f)							
<b>Balances as at 1 January 2010</b>		241,838	2,078,956	141,029	249,282	(256,560)	1,666	2,623,728	5,079,939	57,389	5,137,328	
<i>Changes in equity for the six months ended 30 June 2010:</i>												
Profit for the period		–	–	–	–	–	–	760,228	760,228	(3,024)	757,204	
Other comprehensive income		–	–	–	–	(29,329)	–	–	(29,329)	–	(29,329)	
Total comprehensive income for the period		–	–	–	–	(29,329)	–	760,228	730,899	(3,024)	727,875	
Shares issued pursuant to Pre-IPO share option scheme	18(a)	114	4,788	–	–	–	(99)	–	4,803	–	4,803	
Equity-settled share-based payment	18(f)	–	–	–	–	–	200	–	200	–	200	
Dividends approved in respect of the previous year	18(i)	–	(504,290)	–	–	–	–	–	(504,290)	–	(504,290)	
Appropriation to statutory reserve		–	–	–	43,231	–	–	(43,231)	–	–	–	
<b>Balances as at 30 June 2010</b>		241,952	1,579,454	141,029	292,513	(285,889)	1,767	3,340,725	5,311,551	54,365	5,365,916	
<b>Balances as at 1 January 2011</b>		<b>241,991</b>	<b>1,145,317</b>	<b>141,029</b>	<b>335,450</b>	<b>(292,462)</b>	<b>18,033</b>	<b>4,088,673</b>	<b>5,678,031</b>	<b>52,701</b>	<b>5,730,732</b>	
<i>Changes in equity for the six months ended 30 June 2011:</i>												
Profit for the period		–	–	–	–	–	–	927,277	927,277	(1,577)	925,700	
Other comprehensive income		–	–	–	–	(9,222)	–	–	(9,222)	–	(9,222)	
Total comprehensive income for the period		–	–	–	–	(9,222)	–	927,277	918,055	(1,577)	916,478	
Shares issued pursuant to Pre-IPO share option scheme	18(a)	17	717	–	–	–	(27)	–	707	–	707	
Equity-settled share-based payment	18(f)	–	–	–	–	–	22,681	–	22,681	–	22,681	
Dividends approved in respect of the previous year	18(i)	–	(523,651)	–	–	–	–	–	(523,651)	–	(523,651)	
Appropriation to statutory reserve		–	–	–	49,258	–	–	(49,258)	–	–	–	
<b>Balances as at 30 June 2011</b>		<b>242,008</b>	<b>622,383</b>	<b>141,029</b>	<b>384,708</b>	<b>(301,684)</b>	<b>40,687</b>	<b>4,966,692</b>	<b>6,095,823</b>	<b>51,124</b>	<b>6,146,947</b>	

The accompanying notes form part of this interim financial report.



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
<b>Net cash generated from operating activities</b>		<b>705,503</b>	817,275
<b>Net cash used in investing activities*</b>		<b>(255,269)</b>	(850,306)
<b>Net cash used in financing activities</b>		<b>(523,517)</b>	(499,359)
<b>Net decrease in cash and cash equivalents</b>		<b>(73,283)</b>	(532,390)
<b>Cash and cash equivalents as at 1 January</b>		<b>3,391,151</b>	2,437,089
<b>Effect of foreign exchange rate changes</b>		<b>(9,222)</b>	(29,329)
<b>Cash and cash equivalents as at 30 June</b>	15	<b>3,308,646</b>	1,875,370

The accompanying notes form part of this interim financial report.

\* Net cash used in investing activities for the period includes the uplift and placement of fixed deposits held at banks with maturity over three months, which totalled RMB3,115,094,000 (2010: RMB2,280,000,000) and RMB3,265,094,000 (2010: RMB3,048,516,000) respectively.





# Notes to the Condensed Consolidated Interim Financial Statements

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 8 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that were applied to the 2010 annual financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes which do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company. It has also been reviewed by the Company’s auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s Review Report to the Board of Directors is included on page 33.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)

These developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. These developments have had no material impact on the contents of this interim financial report.

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

## 3 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:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB’000</b>	RMB’000
Anta products	<b>3,986,160</b>	3,241,476
Others*	<b>465,228</b>	211,587
<b>Total turnover</b>	<b>4,451,388</b>	3,453,063

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



# Notes to the Condensed Consolidated Interim Financial Statements

## 3 TURNOVER (Continued)

The Group is engaged in the manufacturing, trading and distribution of ANTA branded sporting goods (“the ANTA Business”) and the trading and distribution of Fila branded sporting goods (“the Fila Business in the PRC”). For the six months ended 30 June 2011, the reported revenue, the absolute amount of the reported financial results and the assets of the Fila Business in the PRC are all less than 10% of the respective combined amounts of both businesses. In addition, the Directors consider that the presentation of segment information of the Fila Business in the PRC would not be meaningful in the interim financial report. Therefore, the Directors consider that the Group has one single reportable segment only and, accordingly, no segmental information is presented.

For the six months ended 30 June 2011 and 2010, there was no customer with whom transactions have exceeded 10% of the Group’s turnover.

## 4 NET FINANCE INCOME

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Interest income	63,881	36,145
Net foreign exchange gain	4,103	26,110
	67,984	62,255
Interest expense recognised on payable carried at amortised cost	(1,691)	(1,794)
Net finance income	66,293	60,461

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Cost of inventories sold (i)	2,546,332	1,943,291
Staff costs (i) & (ii)	373,651	305,651
Depreciation (i)	33,894	32,728
Amortisation		
— lease prepayments	400	400
— intangible assets	8,496	7,815
Subcontracting charges (i)	64,250	148,890
Operating lease charges in respect of properties	26,089	22,016
Research and development costs (i) & (ii)	88,990	56,008

(i) Cost of inventories sold includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB365,228,000 (2010: RMB435,170,000).

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

## 6 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	<b>206,207</b>	142,401
Withholding tax on dividends (iv)	<b>54,667</b>	–
Deferred tax (note 17(b))		
Distribution of dividends	<b>(54,667)</b>	–
Origination and reversal of other temporary differences	<b>30,838</b>	55,678
	<b>237,045</b>	198,079

(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 six months ended 30 June 2011 and 2010.

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

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. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(iv) Withholding tax on dividends represents tax charged by the PRC tax authority on dividends distributed by the Group's subsidiaries in Mainland China during the period.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company for the period of RMB927,277,000 (2010: RMB760,228,000) and the weighted average number of shares in issue during the six months ended 30 June 2011 of 2,493,895,000 (Six months ended 30 June 2010: 2,492,748,000).

Weighted average number of ordinary shares

	2011	2010
	'000 shares	'000 shares
Issued ordinary shares at 1 January	<b>2,493,833</b>	2,492,088
Effect of share options exercised	<b>62</b>	660
Weighted average number of ordinary shares at 30 June	<b>2,493,895</b>	2,492,748

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the weighted average number of ordinary shares in issue adjusted for the potential dilutive effect caused by the share options granted under the Pre-IPO share option scheme (note 18(g)) assuming they were exercised.



# Notes to the Condensed Consolidated Interim Financial Statements

## 7 EARNINGS PER SHARE (Continued)

### (b) Diluted earnings per share (Continued)

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2011 '000 shares	2010 '000 shares
Weighted average number of ordinary shares	2,493,895	2,492,748
Effect of deemed issue of shares under the Company's Pre-IPO share option scheme	7,086	7,797
Weighted average number of ordinary shares (diluted)	2,500,981	2,500,545

## 8 PROPERTY, PLANT AND EQUIPMENT

	2011 RMB'000	2010 RMB'000
Net book value, as at 1 January	503,474	506,420
Additions	18,279	18,625
Transfer from construction in progress (note 9)	551	11,884
Disposals (net book value)	(498)	(1,155)
Depreciation charge for the period	(33,894)	(32,728)
Net book value, as at 30 June	487,912	503,046

## 9 CONSTRUCTION IN PROGRESS

	2011 RMB'000	2010 RMB'000
As at 1 January	149,628	123,827
Additions	25,948	20,175
Transfer to property, plant and equipment (note 8)	(551)	(11,884)
As at 30 June	175,025	132,118

## 10 LEASE PREPAYMENTS/PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

### (a) Lease prepayments

Lease prepayments represent prepayments for land use rights 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

As at 30 June 2011, the Group made prepayments of RMB90,264,000 (31 December 2010: RMB42,807,000) for the acquisition of certain land use rights for self-operating properties under development in the PRC. The related ownership certificates are under application as at 30 June 2011.

## 11 INTANGIBLE ASSETS

	2011 RMB'000	2010 RMB'000
Net book value, as at 1 January	531,349	486,983
Additions	14,722	38,648
Amortisation for the period	(8,496)	(7,815)
Net book value, as at 30 June	537,575	517,816

## 12 INVENTORIES

	<b>30 June 2011 RMB'000</b>	31 December 2010 RMB'000
Raw materials	<b>131,619</b>	110,784
Work in progress	<b>110,594</b>	87,174
Finished goods	<b>303,462</b>	255,865
	<b>545,675</b>	453,823

## 13 TRADE AND OTHER RECEIVABLES

	<b>30 June 2011 RMB'000</b>	31 December 2010 RMB'000
Trade receivables	<b>702,777</b>	496,726
Advance payments to suppliers	<b>415,495</b>	327,126
Deposits and other prepayments	<b>72,994</b>	85,401
Prepayment for construction costs	<b>2,167</b>	390
VAT deductible	<b>66,728</b>	73,170
Interest receivable	<b>8,415</b>	6,208
Other receivables	<b>3,192</b>	1,420
	<b>1,271,768</b>	990,441

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

	<b>30 June 2011 RMB'000</b>	31 December 2010 RMB'000
--	-------------------------------------	--------------------------------

Neither past due nor impaired	<b>669,812</b>	486,398
Less than 3 months past due	<b>25,110</b>	10,311
Past due over 3 months	<b>7,855</b>	17
	<b>702,777</b>	496,726

The Group normally grants a credit period of 30 to 90 days to its trade customers.

## 14 PLEDGED DEPOSITS

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

## 15 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

	<b>30 June 2011 RMB'000</b>	31 December 2010 RMB'000
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Deposits with banks within three months to maturity when placed	<b>2,327,387</b>	3,190,021
Cash at bank and in hand	<b>981,259</b>	201,130
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<b>3,308,646</b>	3,391,151
Deposits with banks with more than three months to maturity when placed	<b>1,050,000</b>	900,000
	<b>4,358,646</b>	4,291,151



# Notes to the Condensed Consolidated Interim Financial Statements

## 16 TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade payables	488,882	474,188
Receipts in advance from customers	62,550	12,592
Accrued construction costs	987	1,787
VAT and other taxes payable	32,625	49,245
Accruals	537,032	487,343
Other payables	70,207	45,491
	<b>1,192,283</b>	1,070,646

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:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 3 months	454,029	450,798
3 months to 6 months	15,743	3,060
Over 6 months	19,110	20,330
	<b>488,882</b>	474,188

## 17 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Balance of provision for PRC Corporate Income Tax	84,986	90,002

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Dividend withholding tax RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2010	49,612	(11,750)	37,862
Charged/(credited) to condensed consolidated statement of comprehensive income (note 6)	56,015	(337)	55,678
As at 30 June 2010	105,627	(12,087)	93,540
As at 1 January 2011	<b>118,784</b>	<b>(46,343)</b>	<b>72,441</b>
Released upon distribution of dividends (note 6(iv))	<b>(54,667)</b>	-	<b>(54,667)</b>
Charges for the period (note 6)	<b>30,425</b>	<b>413</b>	<b>30,838</b>
As at 30 June 2011	<b>94,542</b>	<b>(45,930)</b>	<b>48,612</b>


## 17 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

### (c) Deferred tax assets not recognised:

As at 30 June 2011, the Group's certain subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB138,891,000 (31 December 2010: RMB138,848,000) of which RMB49,968,000 (31 December 2010: RMB48,667,000) 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 30 June 2011, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in Mainland China amounted to RMB1,987,890,000 (31 December 2010: RMB1,583,786,000). Deferred tax liabilities of RMB99,395,000 (31 December 2010: RMB79,189,000) 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 Mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

## 18 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

During the period, pursuant to the Company's Pre-IPO share option scheme (note 18(g)), options were exercised to subscribe for 200,000 (2010: 1,290,000) ordinary shares in the Company at a consideration of RMB707,000 (2010: RMB4,803,000) of which RMB17,000 (2010: RMB114,000) was credited to share capital and the balance of RMB690,000 (2010: RMB4,689,000) was credited to the share premium account. RMB27,000 (2010: RMB99,000) has been transferred from the share-based compensation reserve to the share premium account. 4,790,000 options (2010: Nil) lapsed during the period. As at 30 June 2011, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's Pre-IPO share option scheme and Share Option Scheme is 37,822,000 (31 December 2010: 42,812,000).

### (b) Share premium

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.

### (c) 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 Anda International Investment Limited totalling HK\$144,376,000 (equivalent to RMB141,029,000) were assigned to Anta Enterprise at a consideration of HK\$1.0. This assignment of debt was reflected as a reduction in the advances from the controlling shareholders and a corresponding increase in the capital reserve during 2007.

### (d) 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.

### (e) Exchange reserve

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

### (f) 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.



# Notes to the Condensed Consolidated Interim Financial Statements

## 18 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

### (g) 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 whereby a Director and 37 employees of the Group were given the rights to subscribe for shares of the Company. The subscription price per share pursuant to the Pre-IPO share option scheme was determined at 20% discount to the global offering price.

Each option granted under the Pre-IPO share option scheme has a vesting period of three years commencing from the listing date and the options are exercisable for a period of ten years. The Group has no legal or constructive obligation to repurchase or settle these options in cash.

### (h) 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.

### (i) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the period:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Interim dividend declared after the interim period of HK26 cents per ordinary share (2010: HK20 cents per ordinary share)	<b>537,240</b>	435,813

The interim dividend has not been recognised as a liability as at 30 June 2011.

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

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Final dividend in respect of the financial year ended 31 December 2010, approved and paid during the following period, of HK25 cents per ordinary share (2009: HK12 cents per ordinary share)	<b>523,651</b>	263,108
Special dividend*	-	241,182
	<b>523,651</b>	504,290

\* The amount represented special dividend in respect of the financial year ended 31 December 2009, approved and paid during 2010.



## 19 COMMITMENTS

### (a) Operating leases

As at 30 June 2011, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 1 year	44,314	38,297
After 1 year but within 5 years	39,548	42,527
After 5 years	1,960	2,800
	<b>85,822</b>	83,624

### (b) Capital commitments

Capital commitments outstanding as at 30 June 2011 not provided for in the interim financial report are as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Contracted for	120,355	81,970
Authorised but not contracted for	244,774	322,855
	<b>365,129</b>	404,825

## 20 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011, there have been no changes to the definition of the related parties.

### (a) Transactions with related parties

During the six months ended 30 June 2011, the Group purchased raw materials from Quanzhou Anda Packaging Co., Ltd ("Quanzhou Anda") totalling RMB9,950,000 (2010: RMB4,670,000). 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.

### (b) Balance with a related party

As at 30 June 2011, trade balance due to Quanzhou Anda amounted to RMB1,994,000 (31 December 2010: RMB2,745,000). The amount due to Quanzhou Anda is unsecured, interest free and is expected to be paid within one year.

### (c) Key management personnel remuneration

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

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Short-term employee benefits	5,752	2,937
Equity-settled share-based payments	1,329	560
	<b>7,081</b>	3,497

The total remuneration is included in "staff costs" (see note 5).

## 21 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period the Directors proposed an interim dividend. Further details are disclosed in note 18(i).



## Corporate Governance and Other Information

### DISCLOSURE OF INTERESTS

*Directors' and chief executives' interests and short positions in shares, underlying shares and debentures*

As at 30 June 2011, 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 <sup>(2)</sup>	Approximate percentage of interest in such corporation
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,438,346,000 <sup>(3)</sup>	—	57.67%
	Anta International	Founder of a discretionary trust	4,144 <sup>(3)</sup>	—	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,432,900,000 <sup>(4)</sup>	—	57.45%
	Anta International	Founder of a discretionary trust	4,084 <sup>(4)</sup>	—	40.84%
Mr. Lai Shixian	Company	Interest of spouse	167,700,000 <sup>(5)</sup>	—	6.72%
	Company	Beneficial owner	—	5,250,000	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 <sup>(6)</sup>	—	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 <sup>(7)</sup>	—	6.01%
Mr. Zheng Jie	Company	Beneficial owner	300,000	—	0.01%
	Company	Beneficial owner	—	1,000,000	0.04%

Notes:

- (1) As at 30 June 2011, the outstanding ordinary shares of the Company and of Anta International stood at 2,494,033,000 and 10,000 respectively.
- (2) The interests in underlying shares represent the interests in share options granted pursuant to the Pre-IPO share option scheme and the Share Option Scheme, details of which are set out in note 18(g) and 18(h) respectively to the interim financial report.
- (3) 1,431,900,000 Shares were held through Anta International, an associated corporation, which held 57.41% of the issued share capital of the Company as at 30 June 2011. 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 and 4,144 shares of Anta International held by Shine Well (Far East) Limited. 6,446,000 Shares were held through Shine Well (Far East) Limited.

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- (4) 1,431,900,000 Shares were held through Anta International, which held 57.41% of the issued share capital of the Company as at 30 June 2011. 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 and 4,084 shares of Anta International held by Talent Trend Investment Limited. 1,000,000 Shares were held through Talent Trend Investment Limited.
- (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 1,041 shares of Anta International held by Fair Billion Development Limited.
- (7) The interests of Mr. Wu Yonghua in Anta International are held through Spread Wah International Limited, which holds 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 601 shares of Anta International held by Spread Wah International Limited.

Save as disclosed above, as at 30 June 2011, 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.



## Corporate Governance and Other Information

### Interests and short positions of substantial shareholders

As at 30 June 2011, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

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) <sup>(1)</sup>	1,727,653,000 (L)	69.27%
Anta International	Beneficial owner	1,431,900,000 (L)	57.41%
Allwealth Assets Limited	Interest in controlled corporation <sup>(1)</sup>	1,432,900,000 (L)	57.45%
Shine Well (Far East) Limited	Interest in controlled corporation/ Beneficial owner <sup>(1)</sup>	1,438,346,000 (L)	57.67%
Talent Trend Investment Limited	Interest in controlled corporation/ Beneficial owner <sup>(1)</sup>	1,432,900,000 (L)	57.45%
Top Bright Assets Limited	Interest in controlled corporation <sup>(1)</sup>	1,438,346,000 (L)	57.67%
Anda Holdings	Beneficial owner	167,700,000 (L)	6.72%
Ms. Ding Yali	Founder of a discretionary trust <sup>(2)</sup>	167,700,000 (L)	6.72%
	Interest of spouse <sup>(3)</sup>	5,250,000 (L)	0.21%
Spring Star Assets Limited	Interest in controlled corporation <sup>(2)</sup>	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, Anda Investments, Shine Well (Far East) Limited and Talent Trend Investment Limited holding approximately 57.41%, 6.72%, 4.83%, 0.26% and 0.04% of the issued share capital of the Company, respectively. In addition, HSBC Trustee also held 207,000 Shares of the Company as trustee for persons unrelated to the substantial shareholders.

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. 6,446,000 Shares were held by Shine Well (Far East) Limited directly. Accordingly, HSBC Trustee and Top Bright Assets Limited were indirectly interested in the 6,446,000 Shares held by Shine Well (Far East) Limited. 1,000,000 Shares were held by Talent Trend Investment Limited directly. Accordingly, HSBC Trustee and Allwealth Assets Limited were indirectly interested in the 1,000,000 Shares held by Talent Trend Investment Limited.

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.

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- (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 18(g) of the interim financial report.*

Save as disclosed above, as at 30 June 2011, the Directors were not aware of any other person or corporation having an interest or short positions in shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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 six months ended 30 June 2011, save as disclosed below, all the code provisions set out in the Code were met by the Company.

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 period, 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.

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 six months ended 30 June 2011.

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 interim financial report of the Group for the six months ended 30 June 2011 is unaudited but has been reviewed by KPMG, the auditors of the Company, and by the Audit Committee.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2011.



## Glossary

### **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

### **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

### **Period**

6 months ended 30 June 2011

### **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

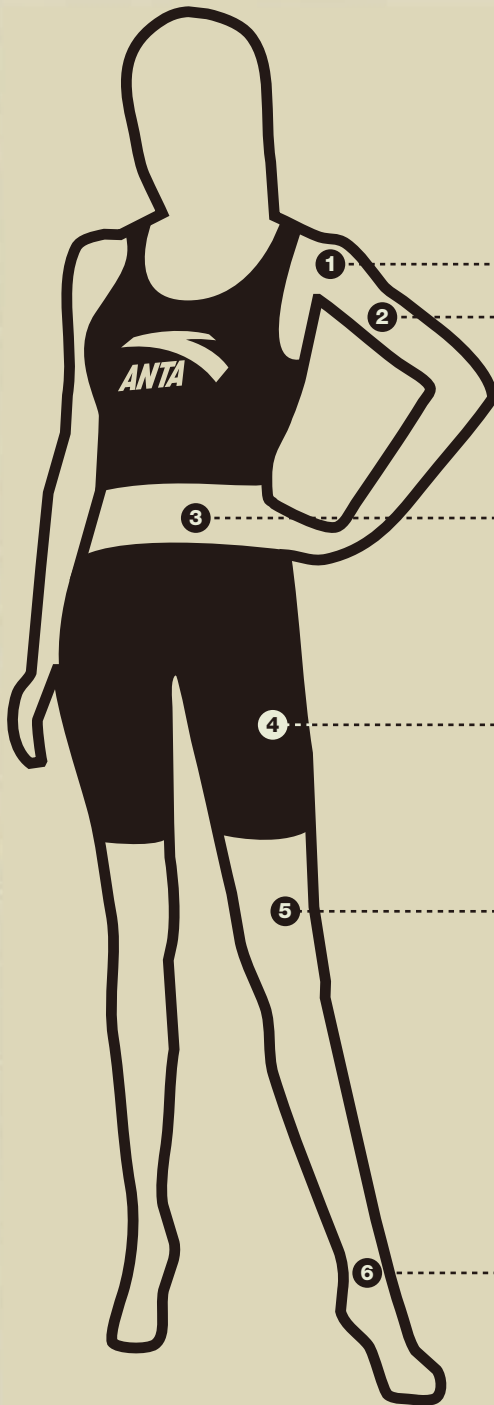
### **Total Sales Floor Area**

Practical sales floor area, excluding warehouse

### **TVC**

Television Commercial

## INVESTORS INFORMATION



### 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 10 years, its footwear has been enjoying a leading position in China composed index on market share

### Share Information

Listing Date: 10 July 2007  
 Board lot size: 1,000 shares  
 Numbers of shares outstanding: 2,494,033,000 shares  
 (As at 30 June 2011)

### Stock Codes

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

### Dividends

HK cents	2007	2008	2009	2010	2011
Interim dividend	—	10	12	20	26
Final dividend	8	10	12	25	—
Special dividend	—	8	11	—	—

### IR Contact

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### Important Dates

1 8 August 2011 Interim results announcement  
 2 24 to 26 August 2011 Book closing dates for 2011 interim dividend (both days inclusive)  
 3 2 September 2011 or after Payment date of 2011 interim dividend  
 4 31 December 2011 Financial year end date of 2011



**ANTA**