ANTA Sports Products Limited
安 踏 體 育 用 品 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2020)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS HIGHLIGHTS

- **Obtained listing status on 10 July 2007 on the Main Board of The Stock Exchange of Hong Kong Limited**
- On 10 March 2008, the Group became one of the constituents of "**Hang Seng Mainland Composite Index**" and "**Hang Seng Mainland Freefloat Composite Index**"
- **Profit attributable to shareholders for 2007 is 39.9% more than the profit forecast as stated in the Prospectus dated 26 June 2007.**

In terms of financial performance	In terms of operational performance
• **Turnover** breakthrough **RMB3 billion**, with an increase of more than 1.5 times • **Gross profit margin** increased by **8.1%** to 33.2% • **Net profit margin** increased by **5.1**% to 16.9% • **Profit attributable to shareholders** increased to **RMB537.8 million**, with an increase of 2.6 times • **Basic earnings per share** has a more than double increase to RMB25.3 cents • **Dividend** of **HK8 cents** per share is proposed, representing a total payout of RMB181.9 million and 33.8% distribution of the 2007 profit	• **Number of ANTA authorised retail outlets** reached **4,716**, a net increase of 608 stores • **Total sales floor area** increased by **32**%, to 433,843 sq.m. • **Average sales floor area** increased from 80 sq.m. to **92 sq.m.** • **Volume growth:** increased by **55.7**% to 18.3 million pairs for footwear/increased by **167.2**% to 23.6 million pieces for **apparel** • **ASP Growth:** increased by **29**% to RMB88.0 for **footwear**/increased by **15**% to RMB53.6 for **apparel**

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of ANTA Sports Products Limited ("ANTA Sports" or the "Company"), I am pleased to report the audited annual results of the Company and its subsidiaries ("ANTA" or the "Group") for the year ended 31 December 2007.

2007 was a landmark year in the Group's milestone. With the effort of all parties, the Group was successfully listed on The Stock Exchange of Hong Kong Limited on 10 July 2007. The positive response from the global capital markets demonstrated investors' confidence in the business prospect and competitive edge of the Group. The listing not only enhances our corporate image and governance transparency while internationalises our brand, but also allows the Group to share the fruits of our success with our shareholders. The Board proposes to declare a final dividend of HK8 cents per share in respect of the year.

During the year under review, the Group's turnover reached RMB3,182.4 million, representing over 1.5 times increase as compared with last year. Net profit attributable to shareholders increased by 2.6 times as compared with 2006, amounting to RMB537.8 million (2006: RMB147.4 million). Earnings per share has a more than double increase to RMB25.3 cents (2006: RMB8.2 cents).

SEIZING BUSINESS OPPORTUNITY OF ECONOMIC DEVELOPMENT IN CHINA

The robust economic growth in China has brought about numerous business opportunities to the Group. In 2007, the gross domestic product soared by 11.4% to RMB24.7 trillion whilst the per capita disposable income of urban population increased by 17.2% to RMB13,786. With the rising living standard and demand for consumer goods, the total retail sales of consumer goods in 2007 amounted to RMB8.9 trillion, representing a growth of 16.8% against the corresponding period in 2006. As China is one of the leading countries in terms of urbanization and economic development, the development potential of its sportswear market should not be overlooked.

The accelerating urbanization has changed consumers' behavior and their consumption patterns, tending towards lifestyle-enhancing products and services like sportswear products. Meanwhile, with increasing awareness of health, sports activities have become indispensable activities in peoples' daily life which stimulate strong demand for sportswear products with high quality and functionality and at a reasonable price. Seizing these business opportunities, the Group has provided value-for-money sportswear to the consumers, and therefore achieved satisfactory development.

SPEEDY AND HEALTHY BUSINESS DEVELOPMENT

The Group continues to strengthen our leading position in China's sportswear market and expands retail network of ANTA's brand in China through 39 distributors. As at the end of 2007, the Group's distributors operated 4,716 ANTA authorised retail outlets and four flagship stores in Shanghai (two stores), Shenyang and Wuhan. Meanwhile, the Group's overseas distributors have set up authorised retail outlets in Southeast Asia and Eastern Europe, which boosted the recognition of ANTA brand in international markets. The retail business of international branded sportswear is expected to make contributions to the Group starting from 2008.

The Group will continue to emphasize on brand building and marketing, initiating diversified brand promotion campaigns including integrated marketing strategies such as event sponsorship, advertisement placement and spokesman endorsement. Meanwhile, the Group will launch comprehensive advertising promotion for featured products. These advertising campaigns can enhance our communication with consumers, single-out product differentiation and improve the brand image. The Group continues to strengthen its capability of product research and development as well as quality control to enhance the competitiveness of our products, while making appropriate expansion in the production capacity to maintain quick response to the market.

CLEAR STRATEGIC OBJECTIVES AND SATISFACTORY CORPORATE GOVERNANCE

Through conscientious analysis of the industry environment and our own edges, the Group has formulated strategic objectives and implementation plan which cater for the Company's future development. Meanwhile, the Group optimizes our organizational management structure from time to time. This will strengthen coordination across each department, adaptability to business environmental changes, and raise the overall management and operational efficiency of the Company. As for internal corporate governance, the Group has established a number of committees which perform duties according to their terms of reference to strictly control the internal systems, conduct ongoing review to enhance measures of internal and external control so as to reach a governance standard as outstanding as that of a multi-international enterprise.

Thanks to our outstanding performance, the Group is recognized and awarded by all circles of life. The Group's footwear has led in "Composed Index on Market Shares of Sporting Footwear for Six Consecutive Years in China", awarded by the China General Chamber of Commerce and China National Commercial Information Centre. Furthermore, ANTA's products passed the "ISO 9001 quality management system certification" and were again awarded the title of "State-designated Products Exempt from Quality Surveillance Inspection" by General Administration of Quality Supervision, Inspection and Quarantine of China. On 10 March 2008, the Group became one of the constituents in "Hang Seng Mainland Composite Index" and "Hang Seng Mainland Freefloat Composite Index", demonstrating the public recognition of the Group's brand value and business development.

PROSPECT

Looking forward, resulting from the rapid growth of China economy, surging consumption power of residents, urbanization as well as the change of economy mode in the PRC, demand for sportswear become increasingly considerable. Furthermore, the Beijing Olympics which every Chinese is proud of has aroused the concern about and awareness of sports and stimulate demand for sportswear. The Group will enhance the competitive edges to continuously expand the market.

Responding to the opportunities and challenges in the China sportswear market, the Group will maintain its steady expanding strategies by enlarging the national retail network as well as enhancing the recognition and desirability of the brand, aspiring for providing value-for-money sportswear for consumers and collaborating with certain international brands with market potentials.

On behalf of the Board, I would like to express my sincere gratitude to our management and all staffs for their unremitting efforts and whole-hearted attitude as well as our shareholders and customers for their support and trust.

Ding Shizhong
Chairman

Hong Kong, 12 March 2008

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007
(Expressed in thousands of Renminbi)

	Note	**2007** *RMB'000*	2006 *RMB'000*
Turnover	4	**3,182,453**	1,250,142
Cost of sales	6	**(2,127,166)**	(936,914)
Gross profit		**1,055,287**	313,228
Other revenue	5	**137,812**	2,046
Other net (loss)/income	5	**(1,607)**	521
Selling and distribution expenses		**(476,147)**	(132,260)
Administrative expenses		**(114,468)**	(35,256)
Profit from operations		**600,877**	148,279
Finance costs	6	**(1,745)**	(259)
Profit before taxation	6	**599,132**	148,020
Income tax	7	**(61,339)**	(603)
Profit for the year		**537,793**	147,417
Dividends declared during the year	8	**181,918**	22,854
Earnings per share			
— basic (cents)	9	**25.26**	8.19
— diluted (cents)	9	**25.21**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007
(Expressed in thousands of Renminbi)

	Note	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		**328,440**	160,806
Construction in progress		**67,832**	76,463
Lease prepayments		**23,784**	24,331
Intangible assets		**4,213**	3,566
Prepayment for the acquisition of land use rights		**70,520**	—
Total non-current assets		**494,789**	265,166
Current assets			
Other financial assets		**—**	1,200
Inventories	10	**434,787**	154,466
Trade and other receivables	11	**467,740**	202,113
Amounts due from related parties		**317**	52,175
Pledged deposits		**1,590**	4,900
Cash and cash equivalents		**3,231,515**	176,335
Total current assets		**4,135,949**	591,189
Total assets		**4,630,738**	856,355
Current liabilities			
Bank loans (unsecured)		**—**	50,000
Trade and other payables	12	**455,714**	325,089
Amounts due to related parties		**1,472**	1,597
Advances from the Controlling Shareholders of the Company		**—**	220,472
Dividend payable		**—**	21,286
Current taxation		**22,858**	—
Total current liabilities		**480,044**	618,444
Net current assets/(liabilities)		**3,655,905**	(27,255)
Total assets less current liabilities		**4,150,694**	237,911
Equity			
Share capital		**241,654**	51,216
Reserves		**3,909,040**	186,695
Total equity attributable to equity shareholders of the Company		**4,150,694**	237,911
Total liabilities and equity		**4,630,738**	856,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ANTA Sports Products Limited ("the Company") was incorporated in the Cayman Islands on 8 February 2007. The Company and its subsidiaries ("the Group") are principally engaged in manufacturing and trading and distribution of sporting goods including footwear, apparel and accessories. Pursuant to the group reorganisation (the "Reorganisation"), the Company acquired the issued shares of Anta Enterprise and Motive Force by issuing shares to their common shareholders ("Controlling Shareholders") and became the holding company of the Group on 16 June 2007. Details of the Reorganisation are set out in the prospectus of the Company dated 26 June 2007 ("Prospectus").

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 10 July 2007.

2. BASIS OF PRESENTATION AND PREPARATION

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

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

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries. The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, and are prepared on the historical cost basis.

3. NEW AND REVISED IFRSs

The IASB has issued certain new and revised IFRSs which are effective for accounting periods on or after 1 January 2007. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies applied in these consolidated financial statements for the years presented.

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

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

4. SEGMENT REPORTING

(a) Business segment

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting system. The segments are determined primarily because the Group manages its ANTA Brand and International Brand business separately. The reportable segments are each managed separately due to differences in their operating and distribution processes and gross margin characteristics.

The Group comprises the following main business segments:

(i) ANTA branded products — manufacturing and trading of ANTA branded sporting goods, including footwear, apparel and accessories ("ANTA Brand").

(ii) International branded products — distribution of sporting goods of international brands, including adidas, Reebok and Kappa (collectively "International Brands").

Segment results

	ANTA Brand		International Brands		Total	
	2007	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover						
Revenue from external customers	**2,988,723**	1,250,142	**193,730**	—	**3,182,453**	1,250,142
Segment results	**494,698**	148,733	**(5,501)**	(529)	**489,197**	148,204
Unallocated operating income and expenses					**111,680**	75
Finance costs					**(1,745)**	(259)
Profit before taxation					**599,132**	148,020
Taxation					**(61,339)**	(603)
Profit after taxation					**537,793**	147,417

Segment assets and liabilities

	ANTA Brand		International Brands		Inter-segment eliminations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Assets								
Segment assets	**1,341,354**	646,754	**205,892**	23,583	**(178,976)**	(44,471)	**1,368,270**	625,866
Unallocated assets							**3,262,468**	230,489
Total assets							**4,630,738**	856,355
Liabilities								
Segment liabilities	**402,967**	372,603	**206,618**	28,236	**(158,976)**	(24,446)	**450,609**	376,393
Unallocated liabilities							**29,435**	242,051
Total liabilities							**480,044**	618,444
Other segment information								
Depreciation and amortisation	**22,092**	12,185	**7,704**	—	**—**	—	**29,796**	12,185
Capital expenditure incurred	**229,209**	84,534	**35,320**	—	**—**	—	**264,529**	84,534

(b) **Geographical segment**

No geographical segment analysis is presented as substantially all assets, liabilities, turnover and contribution to operating profit of the Group are attributable to the PRC.

5. OTHER REVENUE AND NET (LOSS)/INCOME

	Years ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Other revenue		
Interest income	**127,268**	1,258
Government grants	**3,412**	—
Rental income from operating leases	**1,486**	—
Others	**5,646**	788
	137,812	2,046
Other net (loss)/income		
(Loss)/gain on disposal of property, plant and equipment, and intangible assets	**(2,402)**	561
Others	**795**	(40)
	(1,607)	521

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Years ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Cost of inventories (i)	**2,127,166**	936,914
Interest on bank borrowings wholly repayable within five years	**1,745**	259
Staff costs	**230,940**	85,098
Depreciation	**28,855**	11,482
Amortisation		
— lease prepayments	**597**	516
— intangible assets	**344**	187
Sub-contracting charges	**255,754**	33,867
Auditors' remuneration	**3,027**	187
Operating lease charges in respect of properties:		
— minimum lease payments	**11,283**	342
— contingent rent	**21,143**	—
Research and development costs (ii)	**49,228**	4,914

(i) Cost of inventories included sub-contracting charges as disclosed above.

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

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	Years ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Current tax — PRC income tax		
Provision for the year	**61,339**	652
Deferred tax		
Origination and reversal of temporary differences	**—**	(49)
	61,339	603

(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 has been made as the Group does not have assessable profits subject to Hong Kong Profits Tax during the year ended 31 December 2007.

(iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 33% of the assessable profit of the companies comprising the Group, except for certain subsidiaries, which are exempted or taxed at preferential rates ranging from 12% to 15%.

During the year, certain subsidiaries in the PRC were entitled to preferential tax treatments. They were fully exempted from PRC enterprise income tax for a tax concession period of one year or were entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the applicable tax rate.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("New Tax Law") which took effect on 1 January 2008. The PRC income tax rate is unified to 25% for all enterprises.

The State Council of the PRC passed an implementation guidance note ("Implementation Guidance") on 26 December 2007, which sets out details of how existing preferential income tax rates will be adjusted to the standard rate of 25%. According to the Implementation Guidance, certain PRC enterprises of the Group which have not fully utilised its five-year tax holiday will be allowed to continue to receive benefits of the full exemption from a reduction in income tax rate until expiry of the tax holiday, after which, the 25% standard rate will apply.

Pursuant to the Notice on the Implementation Rules for Grandfathering Relief under the New Tax Law ("Notice 39") issued by The State Council on 26 December 2007, effective from 1 January 2008, the existing preferential income tax rate of 15% pertaining to certain enterprises of the Group established in the PRC will gradually transit to applicable tax rate of 25%.

The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the consolidated balance sheet in respect of current tax payable.

Further under the New Tax Law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. As all of the Group's foreign-invested enterprises are directly held by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax. The Group has already assessed the impact of the New Tax Law regarding this withholding tax and considered the New Tax Law would not have a significant impact on the results of operations and financial position of the Group as at 31 December 2007.

According to the notice Caishui [2008] No.1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 earnings of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from corporate income tax. Accordingly, the retained profits as at 31 December 2007 in the Group's foreign-invested enterprise' books and accounts will not be subject to 5% withholding tax on future distributions.

8. DIVIDENDS

The Board of Directors recommend the payment of a final dividend of HK8 cents per share for the year ended 31 December 2007.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. The exchange rate adopted for conversion is the average closing exchange rate published by the People's Bank of China of the five business days prior to the declaration of dividends.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2007 was based on the profit attributable to equity shareholders of the Company for the year of RMB537.8 million (2006: RMB147.4 million) and the weighted average number of shares in issue during the year ended 31 December 2007 of 2,129.3 million (2006: 1,800.0 million). The weighted average number of shares in issue during the years ended 31 December 2006 and 2007 is based on the assumption that 1,800.0 million shares were in issue as if the shares issued as at the date the Company became the holding company of the Group were outstanding throughout the entire year.

Weighted average number of shares

	2007	2006
	'000 shares	*'000 shares*
Capitalisation upon legal establishment	**1,800,000**	1,800,000
Effect of shares issued upon placing and public offering on 10 July 2007	**287,671**	—
Effect of shares issued upon exercise of over-allotment option on 16 July 2007	**41,671**	—
Weighted average number of shares	**2,129,342**	1,800,000

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the weighted average number of shares in issued adjusted for the potential dilutive effect caused by the share options granted under the Pre-IPO share option scheme assuming they were exercised. No disclosure of diluted earnings per share for the year ended 31 December 2006 has been made as there were no potential dilutive shares outstanding during that year.

Weighted average number of shares (diluted)

	2007	2006
	'000 shares	*'000 shares*
Weighted average number of shares	**2,129,342**	1,800,000
Effect of deemed issue of shares under the Company's Pre-IPO share option scheme	**3,896**	—
Weighted average number of shares (diluted)	**2,133,238**	1,800,000

10. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Raw materials	**111,868**	102,306
Work in progress	**44,697**	2,390
Finished goods	**278,222**	49,770
	434,787	154,466

(b) An analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Cost of inventories sold	**2,127,166**	934,359
Write-down of inventories	—	2,555
	2,127,166	936,914

11. TRADE AND OTHER RECEIVABLES

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Trade receivables	**184,472**	78,256
Payments in advance to suppliers	**128,865**	71,965
Deposits and other prepayments	**102,299**	30,861
VAT receivables	**27,944**	5,925
Interest receivable	**19,871**	—
Other receivables	**4,289**	15,106
	467,740	202,113

All of the trade and other receivables are expected to be recovered within one year. An ageing analysis of the gross trade receivables is as follows:

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**182,293**	73,844
3 months to 6 months	**2,149**	1,508
6 months to 1 year	**30**	2,597
Over 1 year	**—**	307
	184,472	78,256

12. TRADE AND OTHER PAYABLES

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Trade payables	**327,704**	210,158
Bills payable	**5,300**	42,500
Receipts in advance from customers	**23,622**	27,979
Accrued construction costs	**11,769**	11,849
Other payables and accruals	**87,319**	32,603
	455,714	325,089

An ageing analysis of the Group's trade and bills payables is as follows:

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Within 3 months	**297,518**	231,782
3 months to 6 months	**22,424**	7,617
6 months to 1 year	**13,012**	7,197
Over 1 year	**50**	6,062
	333,004	252,658

FINANCIAL HIGHLIGHTS

	2007	2006	changes
	RMB'000	*RMB'000*	*in %*
Profitability data			
Turnover	**3,182,453**	1,250,142	154.6
Gross profit	**1,055,287**	313,228	236.9
Profit from operation	**600,877**	148,279	305.2
Profit attributable to shareholders	**537,793**	147,417	264.8
	RMB cents	*RMB cents*	*in %*
Basic earnings per share	**25.3**	8.2	208.5
Diluted earnings per share	**25.2**	n/a	n/a
	in %	***in %***	*in %*
Profitability ratios			
Gross profit margin	**33.2**	25.1	8.1
Operating profit margin	**18.9**	11.9	7.0
Net profit margin	**16.9**	11.8	5.1
Effective tax rate	**10.2**	0.4	9.8
Operating ratios			
Advertising and marketing expenses (as a percentage of turnover)	**11.7**	8.3	3.4
Staff costs (as a percentage of turnover)	**7.3**	6.8	0.5
Research and development (as a percentage of cost of sales)	**2.3**	0.5	1.8
Financial ratios			
Average total shareholders' equity to average total assets	**80.0**	26.8	53.2
Performance ratios			
Return on average total shareholders' equity	**24.5**	84.5	(60.0)
Return on average total assets	**19.6**	22.6	(3.0)
	in days	*in days*	*in days*
Assets/liabilities turnover ratios			
Average inventory turnover days	**51**	42	9
Average trade receivables turnover days	**15**	19	(4)
Average trade and bills payables turnover days	**50**	61	(11)

Notes:

(1) Return on average total shareholders' equity is equal to the net profit attributable to the shareholders divided by the average opening and closing total shareholders' equity.

(2) Return on average total assets is equal to the net profit attributable to the shareholders divided by the average opening and closing total assets.

(3) Average inventory turnover days is equal to the average opening and closing inventory divided by cost of sales and multiplied by number of days in the relevant period.

(4) Average trade receivables turnover days is equal to the average opening and closing trade receivables divided by turnover and multiplied by number of days in the relevant period.

(5) Average trade and bills payables turnover days is equal to the average opening and closing trade and bills payables divided by cost of sales and multiplied by number of days in the relevant period.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

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

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

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

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

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

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

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

Business Review

Brand building and marketing

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

Olympics "I Believe" promotional activity

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

Entered into strategic alliance partnership with Houston Rockets of NBA

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

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

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

Actively sponsoring major sports leagues in China

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

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

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

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

Entered into co-operative agreements with various national athletic organizations

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

Actively Sponsored Sports Events

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

Distribution Management and Retail Network

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

ANTA Brand in China's market

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

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

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

	31 December 2006 *(no. of shops)*	**Expanded** *(no. of shops)*	**Discontinued** *(no. of shops)*	**31 December 2007** ***(no. of shops)***	**Refurbished** *(no. of shops)*
Eastern region	1,224	377	(209)	**1,392**	167
Southern region	825	266	(93)	**998**	157
Western region	894	347	(174)	**1,067**	199
Northern region	1,165	404	(310)	**1,259**	168
	4,108	1,394	(786)	**4,716**	691

Notes:

(1) Eastern region includes Jiangsu, Zhejiang, Anhui, Jiangxi and Shanghai.

(2) Southern region includes Fujian, Guangdong, Hainan and Guangxi.

(3) Western region includes Hunan, Sichuan, Guizhou, Yunnan, Hubei, Henan, Xizang and Chongqing.

(4) Northern region includes Jilin, Heilongjiang, Shandong, Gansu, Liaoning, Hebei, Shanxi, Shaanxi, Inner Mongolia, Ningxia, Qinghai, Beijing, Tianjin and Xinjiang.

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

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

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

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

ANTA Brand in overseas market

Expansion to the overseas markets is a strategic development of the Group. The Group has endeavored to increase its penetration in the international market. Designers from Southeast Asia, Europe and Middle East were specifically appointed by the Group to establish an overseas design team, for designing sportswear products of overseas customers which can fit with them. ANTA Products are highly competitive and have received high popularity in the overseas markets. As at 31 December 2007, 20 retail outlets and more than 100 concessionary counters have been set up in Southeast Asia and Eastern Europe by the Group's overseas distributors. The average sales floor area of the stores reached 84 sq.m. The Group also launched TV commercials, outdoor billboards, public relations promotional strategies in overseas markets. The Group also has sponsored two teams in the "Philippines Basketball Association" and their MVP together with the distributors in the Philippines. Together with other integrated sales and marketing strategies, "Three-on-three Street Basketball" was launched in Singapore to boost overseas awareness of ANTA brand.

Retail Business for International Branded Sportswear Products

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

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

	As at 31 December 2007 *(no. of retail outlets)*	As at 30 June 2007 *(no. of retail outlets)*
adidas	**93**	42
Reebok	**56**	24
Kappa	**23**	12
Total	**172**	78

Quality Control

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

- The Group's ANTA sports footwear passed the "ISO 9001 quality control certification".

- The Group's ANTA sports footwear was awarded the title of "State-designated Products Exempted from Quality Surveillance Inspection" by General Administration of Quality Supervision, Inspection and Quarantine of the PRC since 2003.

- The Group was elected as the Secretary-General of "Technical Committee of Standardized National Sportswear" to assist in formulating the quality standard of sportswear products.

Research and Development and Design of Products

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

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

Significant Measures on Research and Development and Design of Products:

- Set up "Database of CBA players" to analyze the correlation between feet's size of professional athletes, frequency of sports activities and the conformation of shoes, so as to render better data support in terms of comfortableness and safety.

- Developed "scientific functions of apparels" to reinforce the capability of water-resistance, moisture-permeability, moisture-absorption, quick-drying capability, three kinds of resistance (water-resistance, oil-resistance, dirt-resistance), thermal- conductivity, antistatic-ability, anti-UV and cooling materials for apparel products.

- Developed "scientific functions of footwear" to elevate the capability of anti-limp, power revolve shaft, stabling structure for mid sole support, fix-up system for upper and back sole, ankle-wrap technology and elasticity of footwear.

- Escalated the technology of "A-Core technology" to "A-Core II technology", with integration of compound shock-resistant system comprised of special shock-resistant materials and a chemical shock-resistant structure. The system is capable of withstanding concussion whilst offering excellent cushion and protection for ankles.

Vertical Integrated Production Model Increasing Flexibility of Production

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

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

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

Financial Review

Turnover by products and brands

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

	Years ended 31 December				
	2007		2006		
	(RMB'million)	***% of total turnover***	*(RMB'million)*	*% of total turnover*	*Changes (in %)*
ANTA brand (Wholesale)					
Footwear	**1,606.7**	**50.5**	797.7	63.8	101.4
Apparel	**1,263.4**	**39.7**	409.9	32.8	208.2
Accessories	**118.6**	**3.7**	42.5	3.4	179.1
	2,988.7	**93.9**	1,250.1	100.0	139.1
International brands (Wholesale)					
Footwear	**25.3**	**0.8**	n/a	n/a	n/a
Apparel	**29.3**	**0.9**	n/a	n/a	n/a
Accessories	**2.6**	**0.1**	n/a	n/a	n/a
	57.2	**1.8**	n/a	n/a	n/a
International brands (Retail)					
Footwear	**51.2**	**1.6**	n/a	n/a	n/a
Apparel	**78.8**	**2.5**	n/a	n/a	n/a
Accessories	**6.5**	**0.2**	n/a	n/a	n/a
	136.5	**4.3**	n/a	n/a	n/a
Overall					
Footwear	**1,683.2**	**52.9**	797.7	63.8	111.0
Apparel	**1,371.5**	**43.1**	409.9	32.8	234.6
Accessories	**127.7**	**4.0**	42.5	3.4	200.5
	3,182.4	**100.0**	1,250.1	100.0	154.6

ANTA brand

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

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

International brands

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

Turnover breakdown by regions and brands

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

	Years ended 31 December				
	2007		2006		
	(RMB'million)	***% of total turnover***	*(RMB'million)*	*% of total turnover*	*Changes (in %)*
ANTA brand (Wholesale)					
Eastern region	**869.4**	**27.3**	327.5	26.2	165.5
Southern region	**892.6**	**28.0**	344.0	27.5	159.5
Western region	**665.7**	**20.9**	264.4	21.2	151.8
Northern region	**535.3**	**16.8**	314.2	25.1	70.4
International markets	**25.7**	**0.8**	n/a	n/a	n/a
	2,988.7	**93.9**	1,250.1	100.0	139.1
International brands (Wholesale)	**57.2**	**1.8**	n/a	n/a	n/a
International brands (Retail)	**136.5**	**4.3**	n/a	n/a	n/a
	3,182.4	**100.0**	1,250.1	100.0	154.6

Notes:

(1) Eastern region includes Jiangsu, Zhejiang, Anhui, Jiangxi and Shanghai.

(2) Southern region includes Fujian, Guangdong, Hainan and Guangxi.

(3) Western region includes Hunan, Sichuan, Guizhou, Yunnan, Hubei, Henan, Xizang and Chongqing.

(4) Northern region includes Jilin, Heilongjiang, Shandong, Gansu, Liaoning, Hebei, Shanxi, Shaanxi, Inner Mongolia, Ningxia, Qinghai, Beijing, Tianjin and Xinjiang.

(5) International markets include Singapore, the Philippines, Vietnam, Serbia, Hungary and Kuwait.

(6) Retails business for international branded sportswear products operates in six cities, including Shanghai, Suzhou, Beijing, Guangzhou, Harbin and Xiamen.

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

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

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

	At 31 December 2007			Year ended 31 December 2007					
	No. of stores	Total sales floor area *(in sq.m.)*	Average sales floor area per store *(in sq.m.)*	Weighted average no. of stores	Weighted average total sales floor area *(in sq.m.)*	Weighted average sales floor area per store *(in sq.m.)*	Turnover *(RMB'million)*	Weighted average sales contribution per store (at ex-factory prices) *(RMB)*	Weighted average sales contribution per sq.m. (at ex-factory prices) *(RMB)*
ANTA brand (wholesale)									
Eastern region	**1,392**	**114,279**	**82**	**1,293**	**95,509**	**74**	**869.4**	**672,390**	**9,103**
Southern region	**998**	**108,438**	**109**	**892**	**93,349**	**105**	**892.6**	**1,000,673**	**9,562**
Western region	**1,067**	**99,788**	**94**	**982**	**82,796**	**84**	**665.7**	**677,902**	**8,040**
Northern region	**1,259**	**111,338**	**88**	**1,193**	**95,939**	**80**	**535.3**	**448,701**	**5,580**
Total	**4,716**	**433,843**	**92**	**4,360**	**367,593**	**84**	**2,963.0**	**679,587**	**8,061**
	At 31 December 2006			Year ended 31 December 2006					
	4,108	**328,530**	**80**	**n/a***	**n/a***	**n/a***	**1,250.1**	**n/a***	**n/a***
Changes (in %)	**14.8%**	**32.1%**	**15.0%**				**137.0%**		

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

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

Total units sold and analysis of average selling prices/costs

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

	Years ended 31 December								
	2007			2006			Changes		
	Total units sold *(thousand)*	**Average selling prices** *(RMB)*	**Average cost** *(RMB)*	Total units sold *(thousand)*	Average selling prices *(RMB)*	Average cost *(RMB)*	Total units sold *(in %)*	Average selling prices *(in %)*	Average cost *(in %)*
ANTA brand (Wholesale)									
Footwear	**18,262**	**88.0**	**58.6**	11,731	68.2	51.2	55.7	29.0	14.5
Apparel	**23,580**	**53.6**	**35.6**	8,826	46.6	34.8	167.2	15.0	2.3

Notes:

(1) We have not included details of the number of units sold and the average selling price for the accessory products because we have a broad range of accessory products that vary significantly in terms of unit price. We believe that a unit-based analysis of this product category would not be meaningful.

(2) Average selling prices represent the turnover for the year divided by the total units sold for the year.

(3) We have not included details of the business of international branded products. The calculation of average selling prices and costs for wholesale of international brands sportswear products would not be meaningful as the business scale is relatively small.

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

- Continuous growth of China economy and consumption level supported by the increase in disposable income and consumers' increasing attention to sports and health products in China. This has contributed significantly to the average increase in our suggested retail prices;

- Product mix shift towards higher-end new products with improved quality and functions; embedded with better technology which brings higher average selling prices;

- The strengthening of brand recognition of ANTA products and more supports and services to the distributors have contributed to the increase in negotiating leverage against the distributors. As a result, the ex-factory prices have been adjusted upwards.

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

- Upgrade of brand and store image, moving to prime locations are crucial factors for improving the quality of the distribution network and for creating opportunity of further expansion of the distribution network like a radial effect to other potential markets. During the year, the number of stores and the total sales floor area have been increased and distributors equipped with better inventory management skill. As a result, quantities ordered by the distributors increased significantly;

- The Group has developed wide-ranged product offerings, such as increase in proportion of apparel offerings to meet the market differentiation;

- High responsiveness to the market demand is also an important factor to fill up the increasing market demand in a relatively short period of time. The Group's own production facilities can complete an order within 25-30 days after it was placed.

Cost of sales breakdown by production and procurement

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

	Years ended 31 December				
	2007		2006		
	(RMB'million)	***% of total cost of sales***	*(RMB'million)*	*% of total cost of sales*	*Changes (in %)*
ANTA brand					
Self-production					
Raw materials	**457.6**	**21.5**	294.9	31.5	55.2
Direct labour	**120.9**	**5.7**	58.7	6.3	106.0
Overhead	**117.2**	**5.5**	52.1	5.6	125.0
	695.7	**32.7**	405.7	43.3	71.5
Sub-contracting arrangement					
Raw materials	**280.0**	**13.2**	47.0	5.0	495.7
Sub-contracting charges*	**219.6**	**10.3**	33.9	3.6	547.8
	499.6	**23.5**	80.9	8.6	517.6
Outsourced production					
OEM	**793.6**	**37.3**	450.3	48.1	76.2
	1,988.9	**93.5**	936.9	100.0	112.3
International brands	**138.3**	**6.5**	n/a	n/a	n/a
Total	**2,127.2**	**100.0**	936.9	100.0	127.0

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

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

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

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

Gross profit and gross profit margin breakdown by products and brands

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

	Years ended 31 December				
	2007		2006		
	Gross profit *(RMB'million)*	**Gross profit margin *(in %)***	Gross profit *(RMB'million)*	Gross profit margin *(in %)*	Changes *(in %)*
ANTA brand (Wholesale)	**999.8**	**33.5**	313.2	25.1	8.4
International brands (Wholesale)	**6.3**	**11.0**	n/a	n/a	n/a
International brands (Retail)	**49.1**	**36.0**	n/a	n/a	n/a
Overall	**1,055.2**	**33.2**	313.2	25.1	8.1

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

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

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

Other revenue

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

Effective tax rate

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

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

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

Net profit margin

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

Dividend

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

Assets/liabilities turnover ratio

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

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

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

Liquidity and financial resources

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

- Current year's profit before taxation amounted to RMB599.1 million, by excluding the interest income of RMB127.3 million and the foreign exchange adjustment of RMB106.3 million and certain non-cashflow items, operating profit for the year was RMB400.0 million. Meanwhile, a significant portion of the cash was tied up with the increase in inventories and trade and other receivables of RMB280.3 million and RMB248.2 million respectively, the effect was relieved by the increase in trade and other payables and decrease in the amounts due from related parties of RMB137.8 million and RMB51.9 million respectively. As a result, cash generated from operations was RMB64.4 million, the net cash inflow on operating activities was RMB25.9 million after the payment for taxation of RMB38.5 million.

- Cash outflow on investing activities amounted to RMB157.0 million, mainly consists of the followings: prepayments for acquiring land use right in Jinjiang, Xiamen and Quanzhou totalling RMB70.5 million; payments for acquiring property, plant and equipment of RMB87.8 million, which included footwear and apparel production facilities, together with renovation cost for international brand retail outlets; and payments for construction of factory premises in Jinjiang, Xiamen and Changting of RMB102.1 million. The effect of the above cash outflows were offset by the interest received of RMB107.4 million.

- Cash inflow on financing activities amounted to RMB3,187.0 million, mainly due to the gross proceeds from the initial public offering of HK$3,643.2 million. After deducting the listing expenses of RMB164.2 million, net proceeds amounted to RMB3,371.5 million, which has strengthened the Group's financial positions to support brand building, development of distribution channel and so forth. On the other hand, payments for settling bank loans and advances from Controlling Shareholders of the Company amounted to RMB50.0 million and RMB74.3 million respectively; cash distributed in connection with Reorganisation was RMB37.3 million; and dividend paid was RMB21.3 million.

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

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

Application of net IPO proceeds

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

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

	Net IPO Proceeds (HK$ millions)		
Use of Proceeds	**Available**	**Utilised**	**Unutilised**
Brand promotion, sponsorship and advertising	1,392	155	1,237
Distribution network of international sportswear brands	696	54	642
Distribution network of ANTA brand	557	69	488
Expansion of production facilities	316	85	231
Development of new information management system	88	2	86
Research and development of new technology	88	12	76
General corporate purposes	337	337	—
Total	**3,474**	**714**	**2,760**

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

Pledge of assets

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

Capital commitments and contingencies

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

At 31 December 2007, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor is our Group aware of any pending or potential material legal proceedings involving the Group.

Financial management policies

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

Significant investments and acquisitions

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

Prospects

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

To enhance brand recognition and desirability

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

To adopt a multi-brand strategy

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

To explore nationwide distribution and retail network

The Group will further motivate the distributors to open flagship stores in strategic markets and first-tier cities, while strengthening development of large outlets in second and third-tier cities with a focus on operating efficiency of the overall network. The channel mix for ANTA brand will be diversified, with more collaboration with national-wide distributors to boost coverage on departmental stores, shopping malls and sports retail complexes. Shops along the same street will distinguish themselves by distinct product themes, catering for needs of different consumers. The Group intends to promote the influence of ANTA brand in the international arena, through optimizing distributors' retail management with, exploiting overseas resources, and improving brand recognition in overseas markets.

To upgrade research and development and designing capabilities

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

To expand production capacity and improve quality control capability

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

Human resources

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

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

OTHER INFORMATION

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rule since 10 July 2007 (date of listing of the shares of the Company) except for the deviation from provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Ding Shizhong is the Chairman and the Chief Executive Officer of the Company. With Mr. Ding's extensive experience in sportswear consumer markets, he is responsible for the overall strategic planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person 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 comprise experienced and high caliber individuals. The Board currently comprises five Executive Directors and three Independent Non-Executive Directors and therefore has a strong independence element in its composition.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards during the period from 11 June 2007 (date of adoption of the Model Code) to 31 December 2007.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the Code provisions. Members of the Audit Committee comprise of three members, all of whom are Independent Non-Executive Directors. The chairman of the Audit Committee is Mr. Yeung Chi Tat.

The Audit Committee met twice since the listing of the Company in July 2007 to 31 December 2007. During the meeting, the Audit Committee has considered the interim results of the Group for the six months ended 30 June 2007 as well as the report prepared by the external auditors relating to accounting issues and major findings in course of review. Also, it has reviewed the 2007 annual audit plan. All members of the Audit Committee attended the meeting.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2007.

Purchase, Sale or Redemption of the Listed Securities

The shares of the Company were listed on the Stock Exchange on 10 July 2007 and neither the Company nor any of its subsidiaries as purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

Book Closure

The Register of Members of the Company will be closed from Wednesday, 16 April 2008 to Monday, 21 April 2008, both days inclusive, for the purpose of determining shareholders' entitlements to the proposed final dividend. In order to qualify for the final dividend and the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4.30 p.m. on Tuesday, 15 April 2008.

Annual general meeting

The AGM of the Company will be held in Hong Kong on Monday, 21 April 2008. Notice of the AGM will be issued and disseminated to shareholders in due course.

Publication of Results Announcement

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

On behalf of the Board	On behalf of the Board
Lai Shixian	**Ling Shing Ping**
Executive Director	*Company Secretary*

Hong Kong, 12 March 2008

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