



安踏體育用品有限公司

ANTA SPORTS PRODUCTS LIMITED

For immediate release

ANTA Sports Announces 2009 Annual Results

Keep Moving Up To The Top

A Healthy Sustainable Growth Driven by Strong Brand Equity and Network Optimisation

(24 February 2010, Hong Kong) **ANTA Sports Products Limited** (“ANTA Sports” or the “Group”, stock code: 2020) is pleased to announce the annual results of the Group for the year ended 31 December 2009 (“the year” or “2009”).

Performance Highlights

<i>(RMB million)</i>	Year ended		Changes (%)
	31 December 2009	2008	
Turnover	5,874.6	4,626.8	+27.0%
Gross profit	2,472.9	1,848.6	+33.8%
Profit from operations	1,394.8	930.7	+49.9%
Profit attributable to equity shareholders	1,250.9	894.8	+39.8%
Free cash inflow	1,156.8	827.1	+39.9%
Basic earnings per share (RMB cents)	50.23	35.94	+39.8%
Dividends per share (HK cents)			
- Interim	12.0	10.0	+20.0%
- Final	12.0	10.0	+20.0%
- Special	11.0	8.0	+37.5%
Gross profit margin (%)	42.1	40.0	+2.1% pts
Operating profit margin (%)	23.7	20.1	+3.6% pts
Net profit margin (%)	21.3	19.3	+2.0% pts



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- Financial summary:
 - Turnover was almost double of 2007 turnover, representing an increase of 27.0% to RMB5,874.6 million, comparing with that of 2008. The increase was attributable to the increase in average selling prices on both wholesale and retail levels, additional product offerings and expansion of the distribution network
 - Gross profit margin and net profit margin increased by 2.1% and 2.0% points to 42.1% and 21.3% respectively as a result of the enhanced brand desirability as well as effective cost control
 - Profit attributable to equity shareholders surged 39.8% to RMB1,250.9 million. Basic earnings per share also increased by 39.8% to RMB50.23 cents
 - The Board proposed the final and special dividends of HK12 cents per share and HK11 cents per share respectively. Together with the interim dividend of HK12 cents per share, the total dividends for the year was HK35 cents per share, representing 61.3% payout ratio of the 2009 profit attributable to equity shareholders
- Maintained solid financial position and healthy balance sheet
 - Average inventory turnover days: 38 days (2008: 43 days)
 - Average trade receivables turnover days: 16 days (2008: 15 days)
 - Return on average total shareholders' equity: 26.2% (2008: 20.7%)
 - Free cash inflow increased by 39.9% to RMB1,156.8 million
- Outstanding ASP and volume growth
 - ASP (wholesale price) increased by 1.8% to RMB95.7 for footwear and increased by 6.1% to RMB60.5 for apparel
 - Volume increased by 29.2% to 34.6 million pairs for footwear and increased by 17.6% to 39.8 million pieces for apparel
- Number of ANTA stores across China rose by 16.3% (or 924 stores net) to 6,591 stores comparing to that at the end of 2008
 - Total sales floor area of ANTA stores increased to 705,823 sq.m.
 - Average sales floor area per ANTA store increased from 100.8 sq.m. to 107.1 sq.m.
 - Total ANTA flagship stores reached 12
 - Expanded the Sports Lifestyle series stores and Kids series stores to 343 and 228 by the end of 2009
- Entered into a sponsorship agreement with the Chinese Olympic Committee (the "COC"), ANTA Sports sponsored sportswear for the China Sports Delegation (the "CSD") in major influential international competitions from 2009 through 2012, including the Vancouver 2010 Winter Olympic Games, the Guangzhou 2010 Asian Games and the London 2012 Olympic Games.
- Continued to focus on R&D and performance-based product development to enhance product differentiation



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Financial Review

During the year, the Group's turnover reached RMB5.87 billion (2008: RMB4.63 billion), representing an increase of approximately 27.0% over that of the previous year. The healthy sales growth was attributable to the increase in average selling prices on both wholesale and retail levels, additional product offerings and expansion of the distribution network.

Overall gross profit margin and net profit margin stood at healthy and satisfactory level of 42.1% and 21.3% respectively, an increase 2.1 percentage points and 2.0 percentage points as compared to 2008, due to the enhanced brand desirability as well as effective cost control.

The profit attributable to equity shareholders surged 39.8% to RMB1,250.9 million (2008: RMB894.8 million). The free cash inflow increased by 39.9% to RMB1,156.8 million (2008: RMB827.1 million). The basic earnings per share were RMB50.23 cents (2008: RMB35.94 cents).

In view of the outstanding performance, the Board proposed to declare a final dividend of HK12 cents and a special dividend of HK11 cents per ordinary share (2008: HK10 cents and HK8 cents respectively) which, together with an interim dividend of HK12 cents (2008: HK10 cents) per ordinary share, represent a payout ratio of 61.3% of the profit attributable to equity shareholders for the year.

Mr. Ding Shizhong, Chairman and CEO of ANTA Sports said, "As a result of the global economic crisis, which has undermined consumer confidence, it was inevitable that China's retail market would suffer. However, riding on the Chinese Government's proactive fiscal policies and economic stimulus measures aimed at spurring domestic consumption measures, we have continued to foster our brand and network strength, sustain a healthy business growth and deliver a set of impressive financial and operational figures."



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Business Review

Strengthened strong brand equity and brand management strategy

2009 was a fruitful year for ANTA in terms of enhancing our marketing resources and brand management. The Group has achieved major breakthroughs in our portfolio of premium sports sponsorship and endorsement resources. On 23 June 2009, the Group announced our strategic partnership with the COC to provide sportswear to the CSD for key international competitions from 2009 to 2012. The Group has worked closely with the COC on various events and marketing programs, which have gained us wide domestic and international exposure. Such collaborations are expected to help further differentiate our brand, as well as drive the Group's persistent business growth.

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

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

Further expanded and fostered the nationwide distribution network

ANTA Sports has further strengthened the network management systems to ensure more effective execution of strategies to timely respond to market changes. Following the openings of the 6,000th store and 3 ANTA flagship stores in Xian, Nanjing and Zhengzhou, the number of ANTA stores has reached 6,591 as at 31 December 2009, representing a net increase of 924 ANTA stores during the year. The Group has strategically expanded our presence in densely populated areas with rapid economic growth to sustain our leading position in second



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and third tier cities. By fostering the working relationship with distributors, franchisees and retailers, the Group was able to achieve a prominent retail performance in terms of strong sales and network growth as well as healthy inventory and discount level.

	31 December 2009	31 December 2008*	Net increase
Number of ANTA stores:			
Eastern region	2,451	2,146	+305
Southern region	1,991	1,783	+208
Northern region	2,149	1,738	+411
Total	6,591	5,667	+924
Including: Flagship stores	12	9	+3
Sports Lifestyle series stores	343	33	+310
Kids series stores	228	81	+147

* The comparative figures of eastern and northern regions have been restated as the Group has strategically moved Henan market from eastern region to northern region to balance the efforts on market development among the regions.

Strengthened the leading position in performance-based sportswear market

To enhance our lead in product technology and quality, the Group has stepped up the efforts in boosting our team's R&D and design capabilities and the collaboration with local and international talents.

Being the 8-year top seller of travel and sports shoes in China, ANTA Sports is well known for our reliable performance based sportswear products and gives functionality and comfort our highest priority in product development. During the year, the Group has launched A-Jelly, a new footwear technology using environmental friendly material, which possesses excellent anti-compression and shock absorbing capabilities. Thus, it offers greater comfort and protection and has wide application in ANTA tennis and running shoes. Our efforts in R&D have been recognised through the joint accreditation of ANTA Technology Centre by 5 national ministries and commissions, including the National Development and Reform Commission as "National Enterprise Technology Centre", making the Group the first and the only sportswear company to have received the honour.

Prospects

To further enhance the Group's brand exposure in China and worldwide, the Group will launch a series of integrated marketing campaigns which include TVC, POP display and interactive



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programmes. The Group has kicked off a brand new marketing campaign starring our prominent winter sports athletes to promote the Winter Olympic Games in February 2010. Meanwhile, the promotional campaign for the Guangzhou 2010 Asian Games will be rolled out to increase our brand association with the COC as well as to arouse public's interest and support for the CSD in the Olympic Games. The Group will also cultivate the sponsorship and endorsement resources to fully tap the potential of the basketball and tennis segments. ANTA Sports will sustain our strong position and integrate our existing resources to extend the reach to sports fans and targeted customers.

The Group continues to sustain our leading position in the second and third-tier cities, while optimising the management of the nationwide retail network in China. Particular focus will be placed on expanding our presence to cities with high growth potential as well as the enhancement of the store image and operational efficiency. As a result, the Group plans to expand our retail network to 7,200 ANTA stores, 300 Kid series stores and 600 Sports Lifestyle series stores by the end of 2010. Meanwhile, the Group will also be dedicated to further penetrating the core market segments of basketball, tennis and running, as well as enhance the trendy appeal of our Sports Lifestyle series to better fit the taste and preference of young consumers.

In respect of the Fila business in the PRC, the Group will screen distributors with presence in the high-end consumer market and formulate the store expansion plan immediately after the completion of the brand rejuvenation project. A preliminary plan is to have our distributors operating about 200 FILA branded stores in major cities of the PRC by the end of 2010.

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

To enhance our R&D capabilities, the Group continuously optimises the size and expertise of our product development teams as well as strengthens the collaboration with external, international and local, design and R&D institutions. To further enhance our product differentiation, we continue to upgrade our existing technology and optimise the design and mix of products to respond quickly to consumers' fast-changing needs and market trends so as to deliver the best value for money to customers.



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“ANTA Sports believes the outlook for the sportswear market remains promising, particularly when the general public is more health conscious and urbanisation continues to boost income and economic growth. We strategically capture the demand of the fast-growing sportswear market segments by strengthening our competitive advantages. We also strive to maintain the balance between sustainable growth and the overall health of ANTA brand equity and the distribution network as a whole. Looking ahead, the consolidation of China’s sportswear market is likely to accelerate to the advantage of players with strong fundamentals. We will continue to reinforce our competitive advantages so as to create greater shareholder value.” Mr. Ding said.

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About ANTA Sports Products Limited

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 an extensive distribution network and nation-wide retail outlets throughout China under the management of the distributors. The Group places great emphasis on branding by integrating the resources from sponsorship of sports leagues, placement of advertisements, online interaction with consumers and endorsement of elite athletes with featured products in order to enhance product differentiation. For the past eight years, ANTA’s footwear has been enjoying a leading position in the composite index on market shares in China.

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