



ANTA Sports Products Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

**PLAY
IS ALL**

Annual Report 2015



As the sportswear partner of the COC, we have provided high-quality winning outfits to the CSD since 2009. We are proud to have extended our partnership with the COC successfully for the 2013 to 2016 Olympic cycle.



● International sporting events of the 2013-2016 Olympic cycle

- | | |
|---|--|
| 1. The 4th Asian Indoor and Martial Arts Games
June-July 2013
Incheon, South Korea | 6. The 17th Asian Games
September-October 2014
Incheon, South Korea |
| 2. The 2nd Asian Youth Games
August 2013
Nanjing, China | 7. The 4th Asian Beach Games
November 2014
Phuket, Thailand |
| 3. The 6th East Asian Games
October 2013
Tianjin, China | 8. The 2nd Winter Youth Olympic Games
February-March 2016
Lillehammer, Norway |
| 4. The 22nd Winter Olympic Games
February 2014
Sochi, Russia | 9. The 5th Asian Beach Games
May 2016
Nha Trang, Vietnam |
| 5. The 2nd Summer Youth Olympic Games
August 2014
Nanjing, China | 10. The 31st Summer Olympic Games
August 2016
Rio de Janeiro, Brazil |





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Corporate Profile

As one of the leading branded sportswear enterprises in China, ANTA Sports Products Limited primarily designs, develops, manufactures and markets ANTA sportswear, including sports footwear, apparel and accessories. We have established extensive distribution networks with a leading presence in second and third tier cities in China under the management of regional distributors. We place great emphasis on branding by integrating sports resources and sponsorship, advertising and promotional activities and consistent store image to enhance brand and product differentiation. For the past 14 years, our footwear has been enjoying a leading position in China composed index on market share.

CORPORATE INFORMATION

Board

Executive Directors

Ding Shizhong (Chairman) Ding Shijia (Deputy Chairman)

Lai Shixian Wang Wenmo Wu Yonghua Zheng Jie

Independent Non-Executive Directors

Yeung Chi Tat Lu Hong Te Dai Zhongchuan

Company Secretary

Ling Shing Ping *FCPA FCCA FCMA CGMA*

Board committees

Audit Committee

Yeung Chi Tat (Chairman) Lu Hong Te Dai Zhongchuan

Remuneration Committee

Lu Hong Te (Chairman) Dai Zhongchuan Ding Shizhong

Nomination Committee

Lu Hong Te (Chairman) Yeung Chi Tat Lai Shixian

Risk Management Committee

Yeung Chi Tat (Chairman) Dai Zhongchuan Lai Shixian

Authorised representatives

Lai Shixian Ling Shing Ping

Registered offices

Cayman Islands Office

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

Hong Kong Office

16/F, Manhattan Place, 23 Wong Tai Road, Kowloon Bay, Kowloon, Hong Kong

Head offices in the PRC

Jinjiang Office

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

Xiamen Office

No. 99 Jiayi Road, Guanyinshan, Xiamen, Fujian Province, PRC
Postal code: 361008

Share registrars and transfer offices

Cayman Islands Principal Register

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House, 24 Shedden Road, George Town,
Grand Cayman KY1-1110, Cayman Islands

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Legal adviser

Norton Rose Fulbright Hong Kong

Auditor

KPMG

Risk management and internal control review adviser

KPMG Advisory (China) Limited

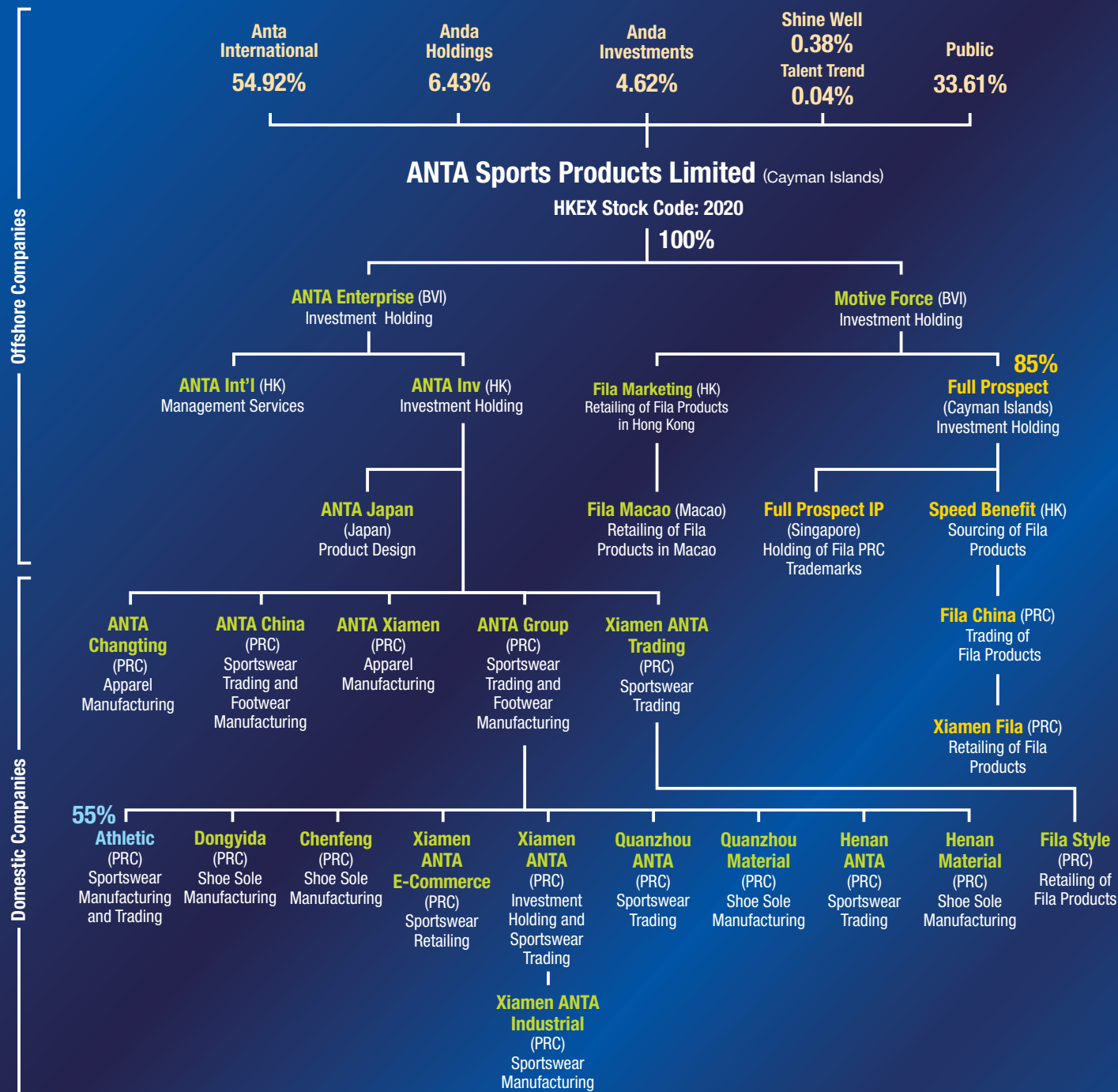
Public relations consultant

Hill+Knowlton Strategies Asia

Principal bankers

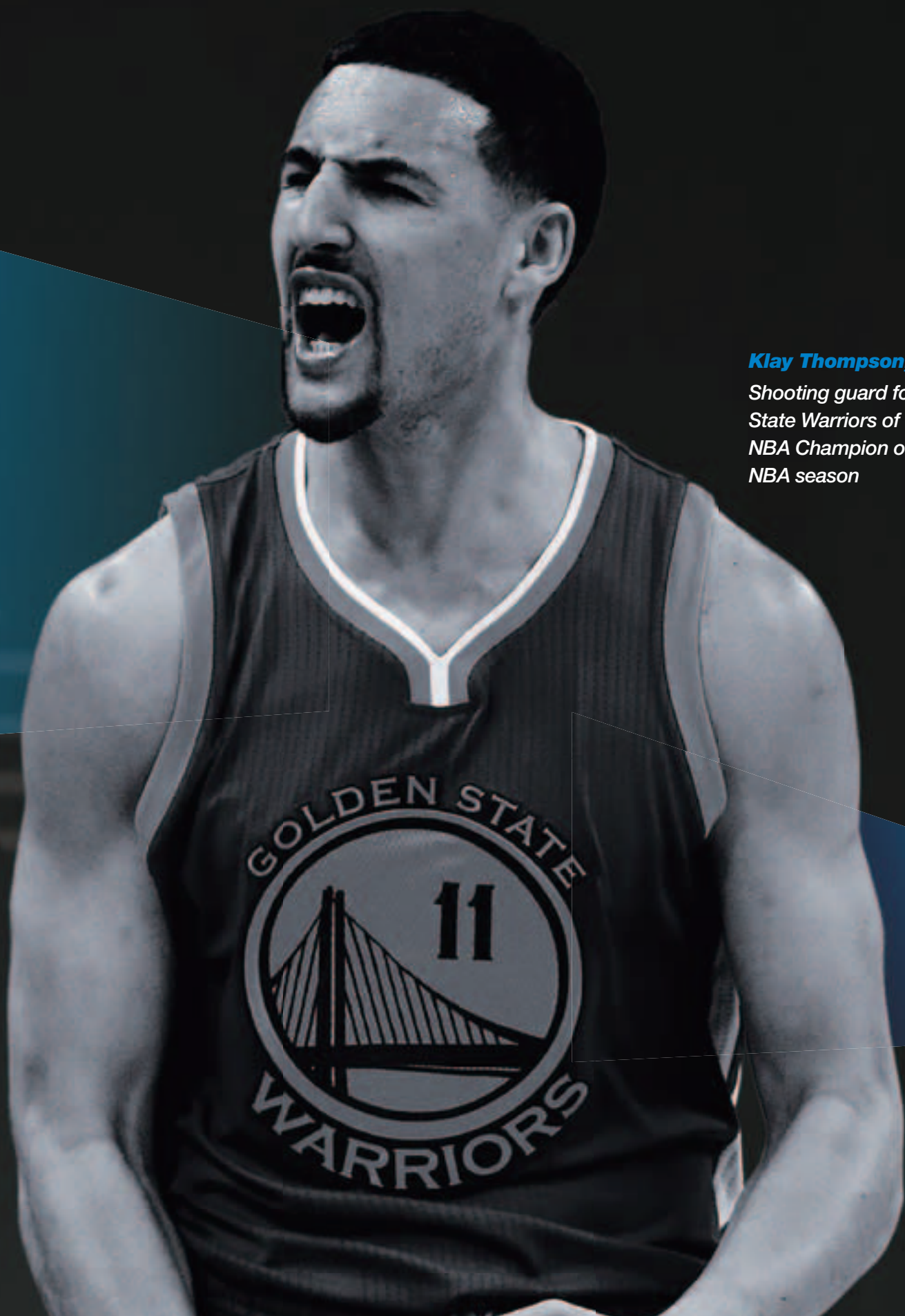
Agricultural Bank of China Bank of China Limited Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China China Construction Bank Corporation Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

GROUP STRUCTURE



FOR THE GLOPPY





Klay Thompson,
*Shooting guard for the Golden
State Warriors of the NBA and
NBA Champion of the 2014-2015
NBA season*

FINANCIAL OVERVIEW

Year ended 31 December	2015	2014	Changes
	(RMB million)	(RMB million)	(%)
Revenue	11,125.9	8,922.7	↑ 24.7
Gross profit	5,185.4	4,026.8	↑ 28.8
Profit from operations	2,696.7	2,018.9	↑ 33.6
Profit attributable to equity shareholders	2,040.6	1,700.3	↑ 20.0
Free cash inflow	1,417.0	1,427.1	↓ 0.7
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	81.66	68.12	↑ 19.9
– Diluted	81.48	67.98	↑ 19.9
Shareholders' equity per share	343.03	312.19	↑ 9.9
	(HK cents)	(HK cents)	(%)
Dividends per share			
– Interim	30	25	
– Final	30	28	
– Special	8	8	
	68	61	↑ 11.5
	(%)	(%)	(% point)
Gross profit margin	46.6	45.1	↑ 1.5
Operating profit margin	24.2	22.6	↑ 1.6
Margin of profit attributable to equity shareholders	18.3	19.1	↓ 0.8
Effective tax rate	26.2	22.7	↑ 3.5
Advertising and promotional expenses ratio (as a percentage of revenue)	11.5	12.0	↓ 0.5
Staff costs ratio (as a percentage of revenue)	11.2	11.0	↑ 0.2
R&D costs ratio (as a percentage of cost of sales)	5.2	4.3	↑ 0.9

As at 31 December	2015	2014	Changes
	(%)	(%)	(% point)
Gearing ratio ⁽¹⁾	11.4	11.8	↓ 0.4
Return on average total shareholders' equity ⁽²⁾	24.9	22.7	↑ 2.2
Return on average total assets ⁽³⁾	17.1	15.8	↑ 1.3
Average total shareholders' equity to average total assets	68.6	69.5	↓ 0.9
	(days)	(days)	(days)
Average inventory turnover days ⁽⁴⁾	58	58	–
Average trade receivables turnover days ⁽⁵⁾	33	35	↓ 2
Average trade payables turnover days ⁽⁶⁾	41	54	↓ 13

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report 2015 contains certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like "potential", "estimated", "expects", "anticipates", "objective", "intends", "plans", "believes", "estimates", and similar expressions or variations on such expressions may be considered "forward-looking statements".

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

Notes:

- (1) Gearing ratio is equal to the sum of bank loans and bills payable divided by the total assets at the end of the relevant year.
- (2) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
- (3) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
- (4) Average inventory turnover days is equal to the average balance of inventories divided by the cost of sales and multiplied by the number of days in the relevant year.
- (5) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant year.
- (6) Average trade payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant year.

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE

- Revenue increased by 24.7% to RMB11.13 billion
- Gross profit margin increased by 1.5% point to 46.6%
- Profit attributable to equity shareholders increased by 20.0% to RMB2,040.6 million
- Basic earnings per share increased by 19.9% to RMB81.66 cents
- 70.0% payout of the profit attributable to equity shareholders

OPERATIONAL PERFORMANCE

- Number of ANTA stores stood at 7,031
- Number of ANTA Kids sportswear series stores stood at 1,458
- Number of FILA stores in China, Hong Kong and Macao stood at 591



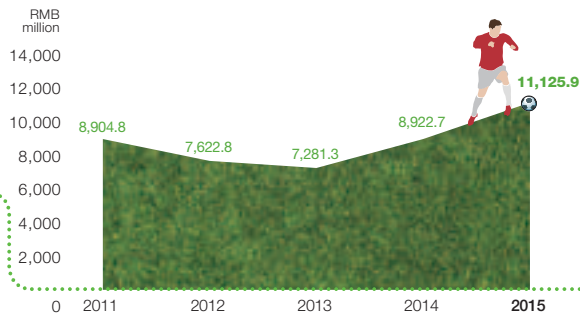
FIVE-YEAR FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	11,125,941	8,922,692	7,281,263	7,622,808	8,904,767
Gross profit	5,185,420	4,026,816	3,039,254	2,893,166	3,762,397
Profit from operations	2,696,682	2,018,863	1,565,599	1,563,310	2,011,496
Profit attributable to equity shareholders	2,040,573	1,700,310	1,314,835	1,358,701	1,730,122
Non-current assets	2,345,257	2,036,754	1,931,008	1,933,589	1,424,610
Current assets	10,156,699	9,346,996	8,187,139	8,102,474	6,769,707
Current liabilities	3,563,262	3,184,693	2,573,654	2,897,909	1,604,374
Net current assets	6,593,437	6,162,303	5,613,485	5,204,565	5,165,333
Total assets	12,501,956	11,383,750	10,118,147	10,036,063	8,194,317
Total assets less current liabilities	8,938,694	8,199,057	7,544,493	7,138,154	6,589,943
Non-current liabilities	124,451	194,477	195,368	205,448	171,393
Total liabilities	3,687,713	3,379,170	2,769,022	3,103,357	1,775,767
Non-controlling interests	234,577	209,423	195,137	180,466	46,660
Shareholders' equity	8,579,666	7,795,157	7,153,988	6,752,240	6,371,890
	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)	(RMB cents)
Basic earnings per share	81.66	68.12	52.71	54.48	69.37
Diluted earnings per share	81.48	67.98	52.61	54.40	69.20
Shareholders' equity per share	343.03	312.19	286.69	270.72	255.47
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividends per share					
– Interim	30	25	19	23	26
– Final	30	28	22	17	26
– Special	8	8	7	8	–
	(%)	(%)	(%)	(%)	(%)
Gross profit margin	46.6	45.1	41.7	38.0	42.3
Operating profit margin	24.2	22.6	21.5	20.5	22.6
Margin of profit attributable to equity shareholders	18.3	19.1	18.1	17.8	19.4
Effective tax rate	26.2	22.7	24.1	21.6	20.2
Advertising and promotional expenses ratio (as a percentage of revenue)	11.5	12.0	11.1	10.5	13.7
Staff costs ratio (as a percentage of revenue)	11.2	11.0	10.3	9.7	8.5
R&D costs ratio (as a percentage of cost of sales)	5.2	4.3	4.0	3.8	3.7
Gearing ratio ⁽¹⁾	11.4	11.8	4.8	9.9	–
Return on average total shareholders' equity ⁽¹⁾	24.9	22.7	18.9	20.7	28.7
Return on average total assets ⁽¹⁾	17.1	15.8	13.0	14.9	22.7
Average total shareholders' equity to average total assets	68.6	69.5	69.0	72.0	79.0
	(days)	(days)	(days)	(days)	(days)
Average inventory turnover days ⁽¹⁾	58	58	59	51	38
Average trade receivables turnover days ⁽¹⁾	33	35	38	34	26
Average trade payables turnover days ⁽¹⁾	41	54	65	47	37

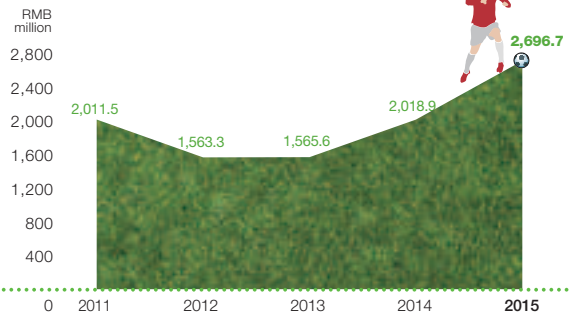
Notes:

(1) Please refer to notes on page 6 of the annual report for the definitions of gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.

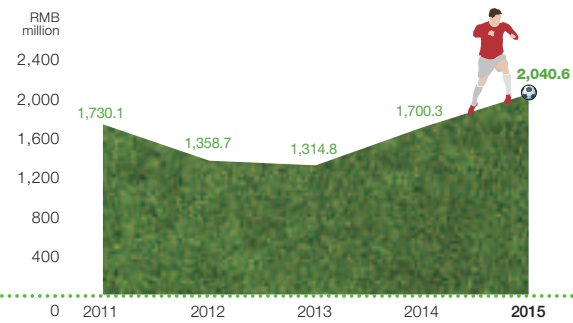
REVENUE



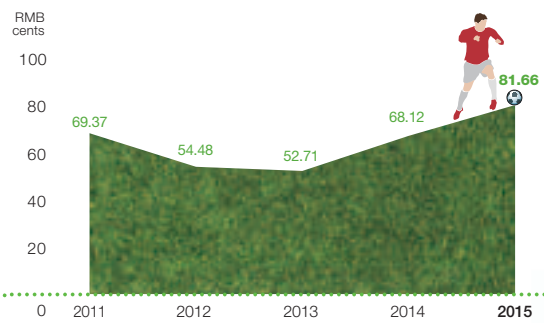
PROFIT FROM OPERATIONS



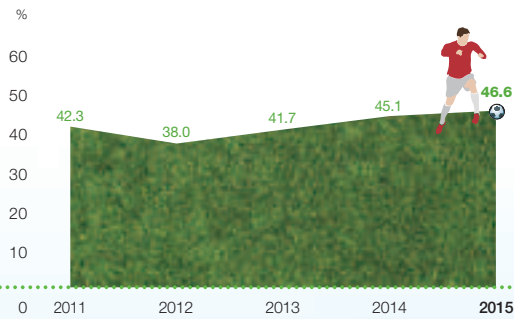
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



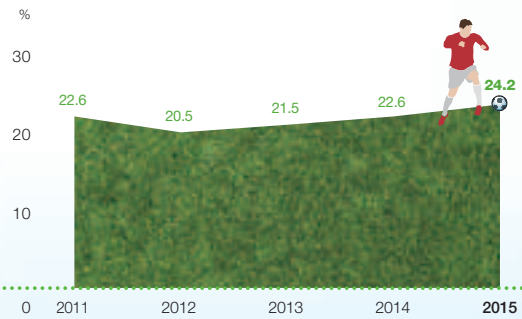
BASIC EARNINGS PER SHARE



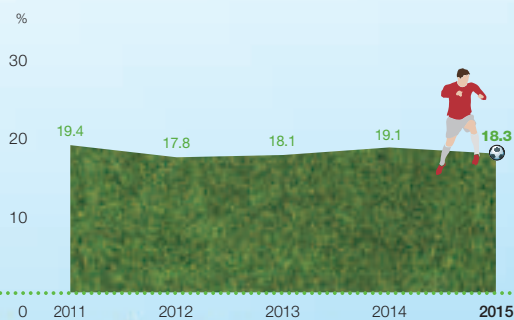
GROSS PROFIT MARGIN



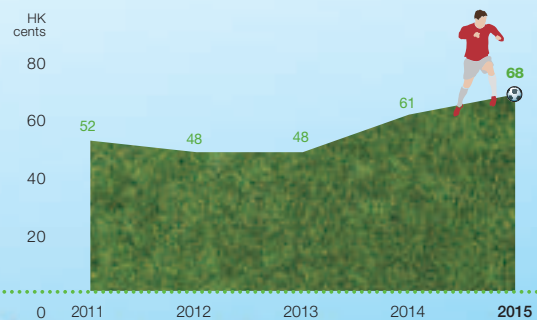
OPERATING PROFIT MARGIN



MARGIN OF PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS



TOTAL DIVIDENDS PER ORDINARY SHARE



MILESTONE OF 2015

NBA Star Klay Thompson Won His First NBA Championship After Joining ANTA's "Basketball is Priceless" Team

February and June

We signed an endorsement contract with Klay Thompson, a star shooting guard of the Golden State Warriors who won his first NBA Championship ring at age 25. The "Basketball is Priceless" lineup now consists of five NBA players, namely Kevin Garnett, Rajon Rondo, Luis Scola, Chandler Parsons, and newly joined Klay Thompson, forming a powerful assembly of top NBA resources for a Chinese sportswear brand.



Strong Recognition for Our Products, Brand Value and Investor Relations

April, May and June

The travel and sports shoes that we produced and sold in China had the largest market share of similar products nationwide for the 14th consecutive year, according to the latest results of "The 23rd China Retail Consumption Statistics". Besides, ANTA has been named one of the "Best China Brands 2015" for the sixth consecutive year by Interbrand, the world's largest integrated brand consultancy. It was also the only Chinese sportswear brand to be shortlisted for two consecutive years.

In addition to winning "Best Investor Relations Company – Mid Cap" and "Best Investor Relations Presentation Collaterals – Mid Cap" at the inaugural "Hong Kong Investor Relations Association Investor Relations Awards", we were also named "Best Investor Relations Company" and "Best Investor Relations Professional" at the "Asian Excellence Awards 2015" organised by Corporate Governance Asia magazine.



Tailor-made "Challenge 100" Functional Running Shoes to Support Chen Penbin to Successfully Finish 100 Marathons

From April to July

Chen Penbin, a renowned Chinese ultra-marathon runner, accomplished the challenge of finishing 100 marathons in 100 consecutive days. We tailor-made the supreme functional running shoe "Challenge 100" to help him throughout his journey. This event is not only an unprecedented feat for Chen Penbin, but also a means to promote the "Keep moving" athletic spirit and green and healthy lifestyles, as well as an opportunity to celebrate China's successful bid to host the 2022 Winter Olympics.



Opened FILA Flagship Store in Hong Kong and Launched FILA KIDS and FILA INTIMO

May and June

To capture more consumer attention to FILA's brand new Red Line and Ginny Line, the largest FILA flagship store in Hong Kong was opened at iSQUARE, Tsim Sha Tsui. We have also launched FILA KIDS and FILA INTIMO with the aim of tapping the promising children's clothing and men's underwear markets in the PRC.



ANTA-endorsed NBA Players Visited China and Promoted Control-5WD Basketball Shoe Series

July and August

NBA players and ANTA basketball endorsers Luis Scola, Rajon Rondo and Klay Thompson visited China in July and August, respectively, to engage and interact with basketball fans, promote ANTA basketball shoes featuring the brand new Control-5WD technology and help raise the skill levels of young basketball players in China.



Soccer Strategy and Value-for-money Soccer Gear Unveiled

October

We kicked off our “PLAY IS ALL” soccer strategy to tap the soccer market through organising matches, training young soccer players and coaches as well as launching professional soccer boots that best fit the feet shape of China’s young soccer players. We also appointed Zheng Zhi, Asian Footballer and current captain in the China’s national soccer team, as our soccer promotion ambassador.



Chris Evans Became New FILA ambassador; Unveiled “Jason Wu X FILA” Collection

July and November

Hollywood actor Chris Evans, who is best known for his role as Captain America, became a FILA ambassador in the PRC. We have announced a cross-border collaboration with renowned fashion designer Jason Wu and held a world class fashion show for “Jason Wu X FILA” 2016 Spring/Summer collection.



Klay Thompson’s Signature Basketball Shoe “KT1” Available in China and United States

December

“KT1”, the first signature basketball shoe tailor-made for Klay Thompson, has been available online and offline at ANTA stores in China as well as The Champs stores in Bay Area, San Francisco. This marked the first time that we have launched endorser signature basketball shoes in both the China and United States markets, and signifies a major enhancement to the brand’s recognition and reputation.



CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2015.

We Delivered Record-breaking Results and Sustainable Growth

Facing rapid changes and intense competition in China's sportswear industry, we have enhanced product differentiation and implemented retail-oriented measures aimed at offering innovative products that fully match consumer demand, thereby gaining market share and improving retailers' profitability in the long run. Our revenue increased by 24.7% to RMB11.13 billion for the year (2014: RMB8.92 billion), not only due to the growing demand for our differentiated value-for-money ANTA products, but also due to notable growth in other businesses, such as ANTA Kids, Fila and e-commerce businesses. Profit attributable to equity shareholders rose by 20.0% to RMB2,040.6 million (2014: RMB1,700.3 million), with basic earnings per share amounting to RMB81.66 cents

(2014: RMB68.12 cents). To provide attractive returns to our shareholders, the Board proposed a final dividend of HK30 cents per ordinary share (2014: HK28 cents) and a special dividend of HK8 cents per ordinary share (2014: HK8 cents), together with an interim dividend of HK30 cents per ordinary share (2014: HK25 cents) paid in September 2015, representing a payout ratio of 70.0% of profit attributable to equity shareholders for the year (2014: 71.1%).

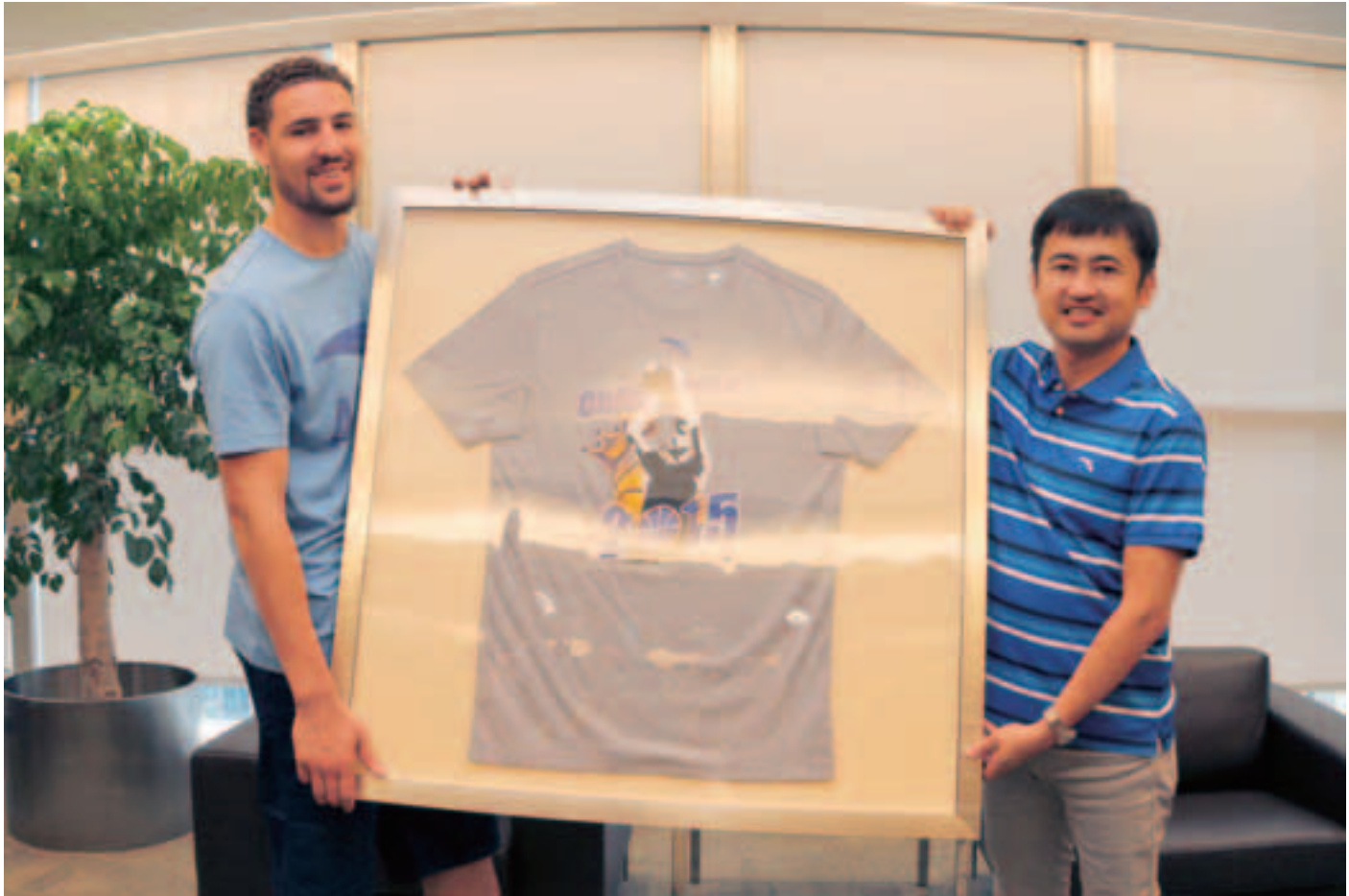
We Strengthen Our Leading Position in Key Sports Categories and Target Markets

We have consistently positioned ANTA as a functional sportswear brand that focuses on the mass market and have enriched and brought into full play our unique sports resources to differentiate ANTA from its peers. During the year, we put forth our best efforts to reinforce our influence and leading position in China's basketball market by promoting ANTA's professional image and value-for-money products with ANTA-endorsed NBA players



in China. We signed an endorsement contract with Klay Thompson, a star shooting guard of the Golden State Warriors. We held a China Tour for Klay Thompson to meet fans and promote ANTA professional basketball gear after he won his first NBA championship of the 2014-2015 NBA season. Also, his first signature basketball shoe “KT1” has been available for sale in China and San Francisco, United States. In addition, we unveiled a new campaign for running, “RUN WITH ME”, in order to maintain ANTA’s leadership in China’s running market by boosting participation in running. The campaign aims to raise the popularity of ANTA’s premium running technologies and professional products among the general public. What’s more, we have tailor-made supreme functional running shoes – “Challenge 100” – in helping renowned Chinese ultra-marathon runner Chen Penbin finish 100 marathons in 100 consecutive days. As an official partner of the COC, we made full use of this event to unite China in its bid to host the 2022 Winter Olympics. More importantly, we have tapped the soccer market and have kicked off an all-rounded “PLAY IS ALL” soccer strategy with four-pronged campaigns, including matches, coaching, gear and pitches, through the cooperation with Jiangsu Administration of Sports, Evergrande Football School, Shuhua Company Limited as well as current China’s national soccer team captain Zheng Zhi.

CHAIRMAN'S STATEMENT



We Offer Innovative Value-for-Money Sportswear to Consumers

Innovation is one of our key success factors. Our strong capacity for innovation continues to bring us greater differentiation and helps us extend our leading position in China's sportswear market. During the year, we upgraded our A-Web 2.0 to A-Web 3.0 which provides better cooling and ventilation for the vamp. We developed and adopted a number of brand new technologies and advanced fabrics in all kinds of our footwear and apparel products, such as A-Strata, A-Reno, A-Fit, A-Grip, A-Infrared Warm, A-Frozen Skin III, A-Sports Energy, etc. Furthermore, we tailor-made the supreme functional running shoe "Challenge 100" applying exceptional materials and advanced technologies for professional long-distance runners. In addition, we introduced an unprecedented Control-5WD basketball shoe offering a better balance of pressure on the foot and a more comfortable fit, and the technology can

increase friction, stability and speed for basketball players, in particular point guards, in basketball games. All these premium functional products are selling for under RMB500 and have been well received by sports lovers and consumers in the mass market in China. Thanks to our strong product differentiation and good value-for-money, we have gained the largest market share of travel and sports shoes in China for the 14th consecutive year.

We Enhanced Store Efficiency to Maintain Distribution Network's Competitiveness

We have always worked hard to help our retailers stay competitive, and have been improving their profitability and sustainability by taking comprehensive retail-oriented measures. In addition to implementing a streamlined distribution structure and emphasising retail efficiency in our corporate culture and values, we have engaged in thorough analysis of real-time retail performance

and inventory movements gathered from our ERP system and provided to our retailers more precise future order guidelines according to the most up-to-date market trends and changes in consumer demand with an aim to minimising our retailers' inventory risks. Furthermore, we have consolidated the smaller, less efficient stores while continuing to open bigger and more attractive stores adopting our latest seventh-generation store layout in prime locations so as to enhance overall store efficiency. We have continued to strengthen ANTA Kids and FILA's presence across China. By the end of 2015, the numbers of ANTA stores, ANTA Kids sportswear series stores and FILA stores stood at 7,031, 1,458 and 591, respectively. We also opened around 50 FILA KIDS stores so as to tap the potential in the high-end children's clothing market. More importantly, we have progressively expanded our e-commerce business to capture the tremendous demand from the growing number of online shoppers and to bring synergy to both our online and offline retailers.

We Outperform through Effective Multi-brand and Omni-channel Strategies

Despite the intense competition in China's sportswear industry, we delivered remarkable results and hit the peak again for the year. Looking ahead, our brands – ANTA, ANTA Kids, NBA, FILA and FILA KIDS – are always focused on the sportswear market and are well-equipped to tap the full potential of their target markets, benefiting from the Chinese government's new two-child policy, as well as its measures to boost sports-related consumption and to accelerate the development of the sports industry and the growing popularity of sports participation. To gain market share from our competitors and to achieve long-term sustainable growth, we will strengthen our brands' recognition with the support of strong influence of our sponsorship resources, endorsers, ambassadors and cross-border collaborations, and will offer more innovative, stylish, differentiated, and value-for-money products that fit consumer preferences and needs in different markets. Moreover, we will focus more on the consumer experience by bringing into full play Big Data and social media aiming to drive sales for and bring synergy to all forms of retail channels, including online and offline stores. Therefore, we will not only enhance store efficiency by optimising

store size, location and product displays, but will also offer a more pleasant and comfortable shopping experience to customers by encouraging retailers to adopt our latest store layout and optimising online stores' interface, functions, delivery and after-sales services.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders for their steadfast support and to all of our staff members for their unmatched dedication. We will work hard to ensure steady growth and to create greater value for our stakeholders over the long run.



Ding Shizhong
Chairman

Hong Kong, 23 February 2016



BASKETBALL IS PRICELESS





Rajon Rondo,
Point guard for the Sacramento
Kings of the NBA

MANAGEMENT DISCUSSION AND ANALYSIS



MARKET REVIEW

China's Economy Maintained Steady Growth

To maintain the momentum of economic growth, the Chinese government has continued its economic reforms and implemented measures to drive domestic demand and urbanisation. China maintained steady growth of GDP and total retail sales of consumer goods. Per capita annual disposable income of urban residents also continued to rise as a result of the implementation of policies aimed at narrowing the income gap, improving livelihoods and spurring consumption.

In 2015, China's CPI grew at the lowest rate since 2009, while its PPI declined for the fourth consecutive year. The weaker-than-expected inflation has raised concerns among the general public about the growing risk of deflation and greater downward pressure on economic growth in China. However, it is generally believed that the

easing in inflation data gives Chinese policymakers room to take more aggressive stimulus measures and consumption-boosting policies to support the country's economy with healthier growth and more sustainable development in the long run.

Stronger Sportswear Brands Gain Market Share amid Sectoral Consolidation

Over the past few years, sportswear industry players in China have been striving to resolve and avoid problems associated with product homogeneity, inventory pile-up and mismanagement of retail channels by implementing reforms and other appropriate measures. However, results across different brands varied depending on their respective fundamentals, competitiveness as well as innovation and execution capabilities. Stronger sportswear brands are generally expected to outperform their peers and to achieve sustainable growth by leveraging their core strengths, including effective brand positioning and marketing strategies, sound management of distribution networks,

sophisticated retail monitoring systems, cost-efficient and responsive supply chains, strong R&D capabilities and highly differentiated products.

It is generally believed that the organic growth in China's sportswear market will be relatively stable despite the gloomy economic outlook. Ongoing urbanisation, rising population due to the new two-child policy and growing popularity of sports in China are also boosting consumer demand for sportswear with different functioning, quality and design. Chinese policymakers are also planning to adopt measures to facilitate the development of the sports industry, to encourage sport participation and to boost sport-related consumption. Therefore, sportswear brands that are better recognised, more responsive to market trends and more capable of delivering value-for-money and innovative products to consumers are expected to gain market share amid consolidation in the sector. Meanwhile, companies with multi-brand and omni-channel strategies can grasp even more market share under the rapid change in consumer demand and distribution networks.

CHINA'S ECONOMIC DATA

National Income	GDP	RMB67,670.8 billion	YoY ↑ 6.9%
Urban Residents' Income	Per capita annual disposable income	RMB31,195	YoY ↑ 6.6%*
Consumption	Total retail sales of consumer goods	RMB30,093.1 billion	YoY ↑ 10.7%
	Clothing sector (including sports footwear and apparel)	RMB1,348.4 billion	YoY ↑ 9.8%
Inflation	CPI	101.4 (2014=100)	YoY ↑ 1.4%
	PPI	94.8 (2014=100)	YoY ↓ 5.2%

* Actual growth after deducting price factors

Source: National Bureau of Statistics of China (as at 31 December 2015)

PESTEL AND COMPETITIVE ADVANTAGES



Competitive Advantages

Strong Brand Equity

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

Product Differentiation

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

Corporate Social Responsibility

- Corporate citizenship and public relations
- Close communication with stakeholders

Nationwide Distribution Network

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

Cost Leadership and Capital Adequacy

- Enjoy economies of scale
- Highly efficient supply chain management
- Offer value-for-money products
- Sufficient funding for future business development
- Low gearing ratio

External Environment

Economic

- Per capita disposable income growth rate
- Degree of urbanisation

Legal and Political

- Compliance
- Health and safety
- Government's concern of citizens' health
- Promotion of sports activities in schools

Technological

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

Environmental

- Protection and education
- Seasonality

Social




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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BRAND-DRIVEN BUSINESS MODEL

We position ourselves as a brand management company that integrates our sponsorship and endorsement resources, advertising and promotional campaigns, CSR and store image; as well as our value-for-money performance-based and stylish sportswear products that reinforce ANTA's brand image and the level of brand association. Our retail-oriented strategy links up the distribution network and the supply chain in order to serve our consumers and to achieve our mission, vision and core values.

-  Strategic brand management
-  Association of our brand with consumers
-  Retail-oriented strategy

To integrate the sports spirit of "going beyond oneself" into everyone's daily life.

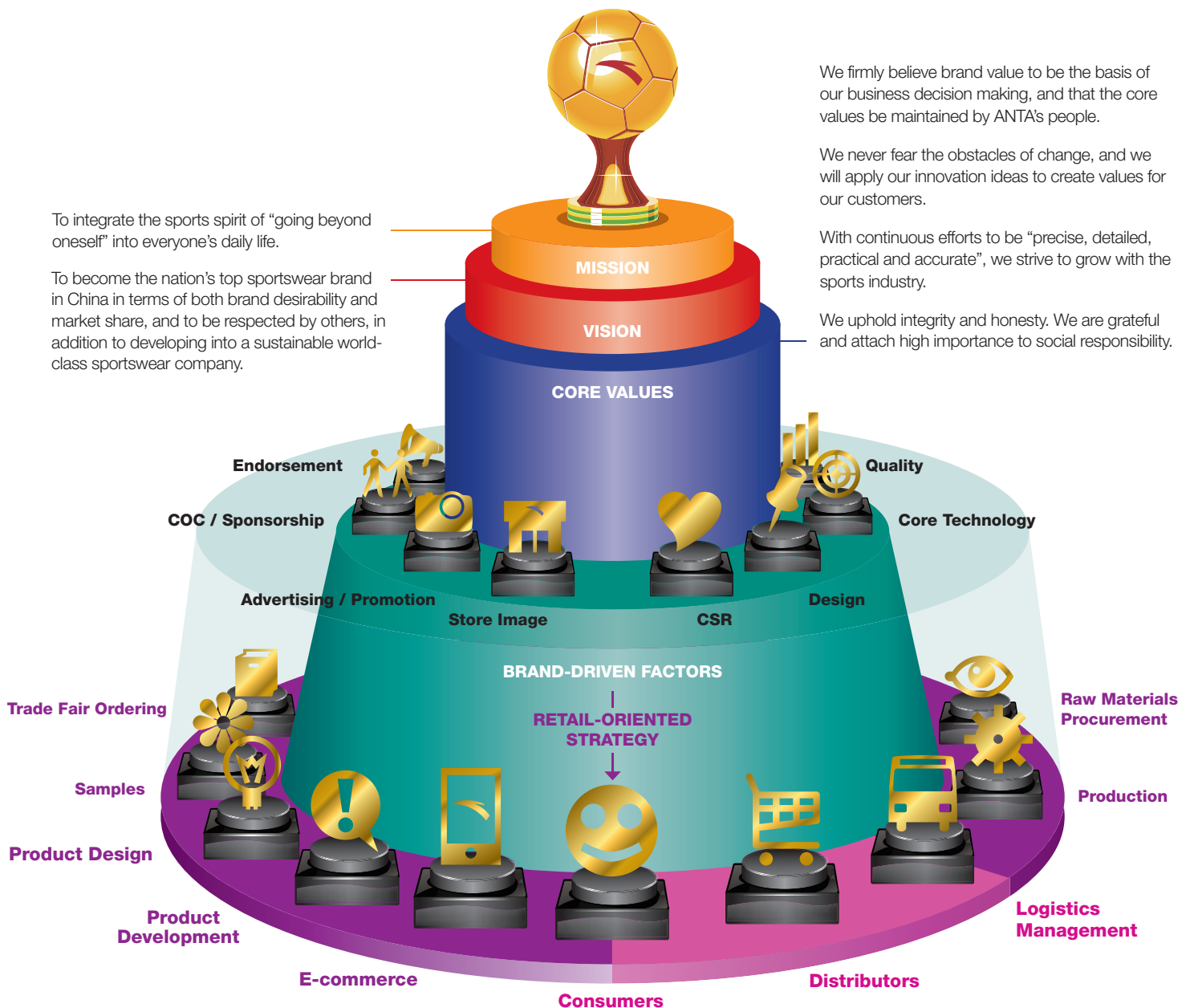
To become the nation's top sportswear brand in China in terms of both brand desirability and market share, and to be respected by others, in addition to developing into a sustainable world-class sportswear company.

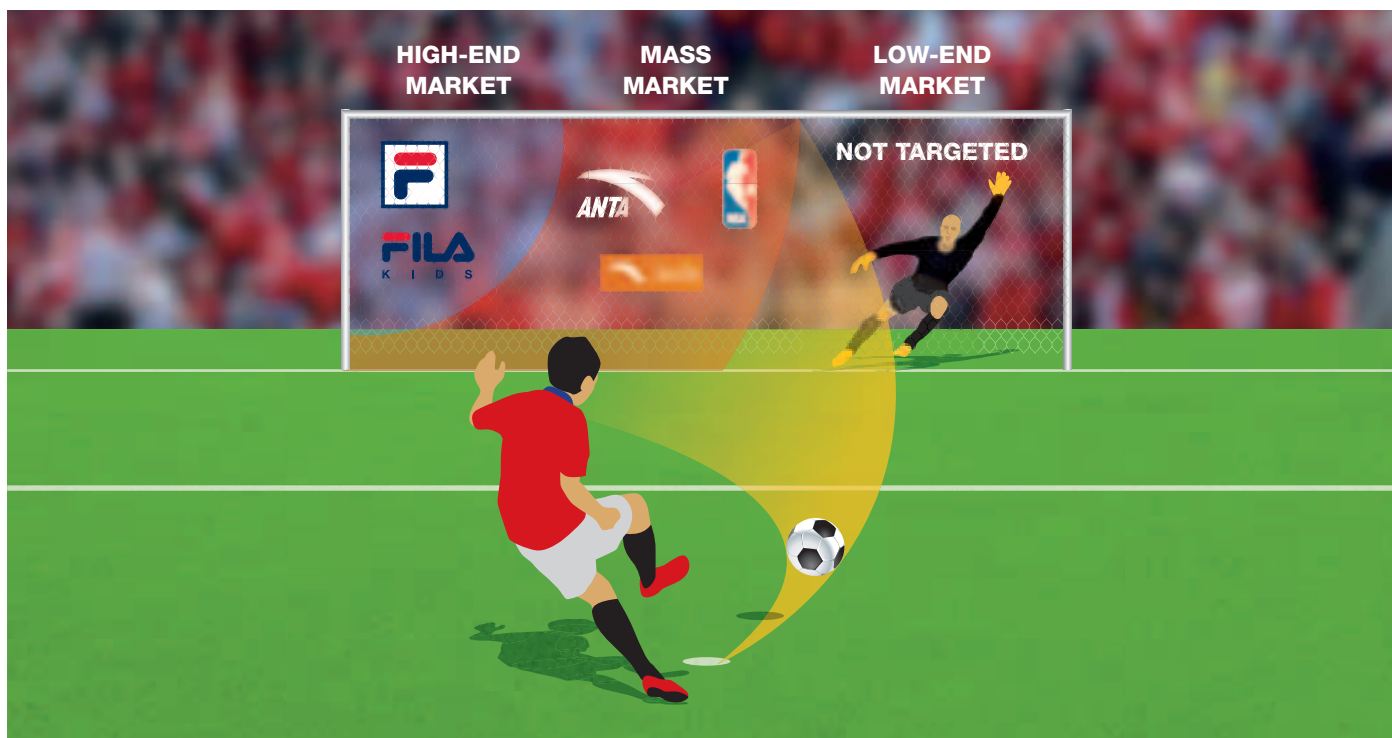
We firmly believe brand value to be the basis of our business decision making, and that the core values be maintained by ANTA's people.

We never fear the obstacles of change, and we will apply our innovation ideas to create values for our customers.

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

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





BRAND PORTFOLIO MODEL

Improvement in living standards and nationwide popularity of sports in China facilitate consumer demand for sportswear with diversified functionality and design. The retail market and consumer preferences in China have also experienced rapid changes which have created different distribution channels. To encourage our growth in various market segments, we always focus on the sportswear market and we adopt multi-brand and omni-channel strategies to capture opportunities in the mass to high-end markets and key retail channels in China. Our well-defined brand portfolio model has not only helped us defend against market uncertainties, but also enhanced our competitiveness to achieve sustainable development in the long run.

Mass Market

The ongoing urbanisation has boosted the population size of the mass market in urban areas and it is generally believed that the mass market has the fastest growth in the consumer sector. Established brands in the mass market are likely to deliver stable growth during an economic slowdown. Nonetheless, mass market consumers are relatively more price-sensitive compared to high-end consumers and they shop for brands that offer them the best quality

at an affordable price. Since 1991, ANTA has focused on providing the best value-for-money functional sportswear to mass market consumers. ANTA has become one of the leaders in performance sports footwear, apparel and accessories in China, with a strong presence in running, basketball and cross-training products, as these sports are the most popular among mass market consumers. In 2014, ANTA became the official marketing partner of NBA China and licensee of the NBA, in which we can use the NBA logo as well as logos of the current 30 NBA teams, NBA's legendary teams logos and NBA events logos on our basketball shoes and accessories. In 2015, ANTA kicked off its soccer strategy and value-for-money soccer gear to tap the demand in the soccer market. Leveraging our value-for-money professional sportswear products, ANTA has established nationwide distribution networks with a definitive advantage in the second and third tier cities. To match the shopping behavior of our targeted consumers, most of the ANTA stores are operated in the street-on-street format.

The children's sportswear market has experienced rapid growth in the past few years and the momentum is expected to remain strong, supported by the relaxation of the one-child policy. In view of the promising opportunities in this market, ANTA introduced ANTA Kids sportswear series in 2008, which was the first domestic sportswear brand to

offer protective sportswear products for kids. This series targets children aged 3 to 14 in the mass market with products that offer value-for-money and comfort.

High-end Market

While the growth in the mass market is expected to remain intensive, there are numerous opportunities in the high-end market as well. The preferences of high-end consumers tend to be more sophisticated and they demand products that are more personalised. The Fila business in the PRC represents good opportunities for us to capture the potential of high-end sportswear market. As a global sportswear brand with over 100 years of history, the unique combination of stylish and sporty image from FILA has gained awareness among the Chinese high-end consumers. FILA also has cross-over cooperation with world-renowned designers to bring differentiated sports fashion experiences to the consumers. Echoing FILA's high-end positioning, FILA stores are located only in first tier and some major second tier cities, with more stores in shopping malls and department stores.

In 2015, FILA also launched FILA KIDS to target the kids segment in the high-end market. The FILA KIDS collection adheres to the heritage and unique image of FILA and has gained awareness among the high-end market.

MANAGEMENT DISCUSSION AND ANALYSIS



BRAND MANAGEMENT

Our effective and diversified brand management strategies play a vital role in achieving success and sustainability. ANTA, a functional sportswear brand, together with ANTA Kids sportswear series, targeting adults and kids aged 3-14 in the mass market. In the fiercely competitive mass market in China, we continue to maintain our good desirability and stand out from Chinese sportswear brands. We attribute our unique brand identity to cost-effective sponsorship, endorsements, cooperation and online marketing. We are also committed to maintaining our leading brand recognition in China by incorporating our influential sponsorship resources into effective promotional channels such as popular digital social networks and broadcast media. To draw consumers' attention, we encourage retailers to revamp the decoration of our stores and optimise product displays aligning with our latest marketing themes. More importantly, ANTA was named as one of the "Best China Brands 2015" for the sixth consecutive year by Interbrand, the world's largest integrated brand consultancy, which indicated that our brand value rose by 9% year-on-year to RMB8.124 billion. We were

also the only Chinese sportswear brand to be shortlisted for two consecutive years. This not only underscores the unrivaled strength of our brand equity and competitive edge, but also reflects our strong public recognition across China.

ANTA Representing China's Sporting Essence

Since 2009, we have established strategic partnerships with the COC and CSD. Our high-quality winning outfits have always been in the spotlight at various influential sporting events throughout the 2009-2012 and 2013-2016 Olympic cycles. We also sponsored 24 Chinese national teams from five Sports Management Centres, namely Water Sports, Winter Sports, Boxing and Taekwondo, Gymnastics and Weight Lifting, Wrestling and Judo. All members of these national teams are equipped with professional sportswear tailor-made by us for both competition and training. Our strong association with the COC and Chinese national teams not only strengthens the credibility of our products, but also further enhances our brand image of representing China's sporting essence.



During the year, we kicked off a series of new advertising campaigns for our cross-training product series endorsed by renowned Chinese athletes such as two-time Olympic boxing gold medalist Zou Shiming, Olympic trampoline champion He Wenna, artistic gymnastics athlete Zhang Doudou, members of the Chinese national men's weightlifting team, and so on. In addition to Zou Shiming,



another renowned Chinese boxer, Yang Lianhui, also became our endorser to help promote ANTA professional products. In order to maximise the effect and interactivity of our marketing campaigns, we leverage our sponsorship resources to enhance awareness of our brand and products through various broadcast and online media channels such as TVCs, WeChat and Weibo.

Joined Hands with Chen Penbin, Renowned Ultra-marathon Runner, in His Challenge to Finish 100 Marathons

In April 2015, we tailor-made the supreme functional running shoe "Challenge 100" for renowned Chinese ultra-marathon runner Chen Penbin, supporting him in his challenge of finishing 100 marathons in 100 consecutive days across nine provinces,

spanning 4,219.54km in more than three months. He started his quest in Guangzhou, running along the southeast coast, across Guangdong Province and Fujian Province, then headed north to Shanghai, Jiangsu Province, Hebei Province and Tianjin. In July 2015, he finished his 100th marathon in Beijing, the host city of 2022 Winter Olympics and crossed the finish line of "Challenge 100" event at the Beijing Wukesong Mastercard Center. This event was not only an unprecedented feat for Chen Penbin, but was also a good opportunity to promote "Keep Moving" spirit and to celebrate China's successful bid to host the 2022 Winter Olympics. We simultaneously held a series of running events and interactive games on WeChat to highlight his quest to finish 100 marathons and to promote our newly-launched "Challenge 100" functional running shoe, which through successful marketing has captured the attention of consumers.



MANAGEMENT DISCUSSION AND ANALYSIS

ANTA as a Functional and Mass Market Brand

We have always been offering professional sportswear products featuring value-for-money and excellent functionality, helping us become the most renowned domestic sportswear brand in China's mass market. Our exclusive and influential sports sponsorships greatly strengthen our association with our core product categories, fortifying consumer loyalty to our brand and products.

Kicked off Soccer Strategy and Launched Value-for-money Soccer Gear to Promote Soccer among China's Youth

As China places great importance on soccer development, the new soccer initiative is generating much excitement. Talented young soccer players are vital for raising the fundamental strength and market development in China. As a leading

sportswear brand in China, our decision to make soccer one of the pillars of the ANTA's future development will have far-reaching significance.

In October 2015, we fully kicked off our "PLAY IS ALL" soccer strategy to tap the soccer market. The "PLAY IS ALL" soccer strategy involved four key campaigns – including matches, coaching, gear and pitches, and we appointed Asian Footballer and current captain in the China's national soccer team Zheng Zhi as an ANTA soccer promotion ambassador, aiming to increase the number of young soccer players and allow more young soccer lovers to enjoy better conditions when playing soccer, which helps spur the long-term healthy development of soccer in China. Details are as follows:

1. ANTA Soccer Matches

We formed a strategic partnership with the Jiangsu Province Administration of Sports to establish the Jiangsu Youth Soccer League, in which more than



200,000 league matches would be held, and would cover 1,000 elementary schools, junior and senior high schools, and operated at five levels, namely the school, county, city, regional and provincial levels. An estimated 20,000 youngsters were expected to compete in the matches. Soccer promotion activities such as training camps and carnivals would also be launched.

2. ANTA Soccer Coaching

We formed a strategic partnership with Evergrande Football School in which we provided professional soccer gear





to the renowned soccer academy and to the school's elite soccer team. We also worked with Evergrande Football School to launch four soccer training courses and coach training classes every year, with the Evergrande Real Madrid coaching team training elementary and high school coaches. The program was expected to produce 2,000 professional youth soccer coaches in the next three years. Fan Zhiyi, named Asian Footballer of the Year in 2001 and former member of China's national soccer team, and Xu Yang, also a former member of China's national soccer team and a renowned soccer commentator, had been invited to be ANTA soccer coaches and participated in ANTA's coach training and campus soccer promotion campaigns.

3. ANTA Soccer Gear

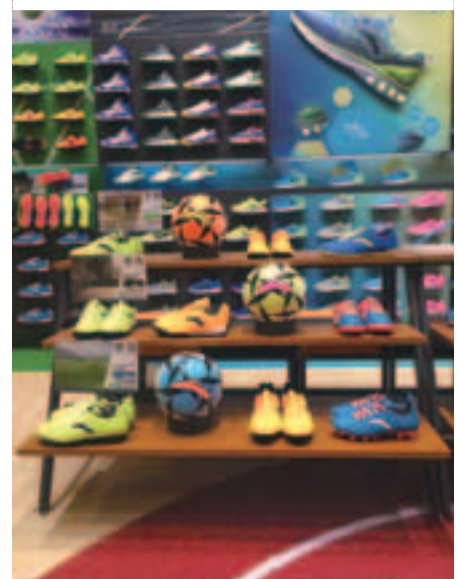
We collected data on the feet of over 16,000 young people from across the country to design professional soccer boots that would give the best fit for young soccer players in China. After more than 1,000 hours of development and design work, we set to launch a full series of soccer boots to suit different types of soccer pitches, including natural turf, artificial turf, gravel, boarded floors, crumb rubber and cement. We launched a series of professional soccer boots that offered good value-for-money in

succession, starting with the launch of children's soccer boots, with prices starting as low as RMB179, in the fourth quarter of 2015. Soccer boots for teenagers and adults will be launched in 2016, with prices to range from only RMB239 to RMB599.

Our functional soccer boots feature an upper that perfectly fits the players' feet during movement and provides excellent support and protection. The upper of the soccer shoes is made of soft leather, which is combined with energy feedback material so as to enhance durability and performance. Supported by flywire, which locks the structure, and stretchy elastic thread lines, the boots provide great comfort to the soccer players' feet on the field. Top materials, excellent craftsmanship and extremely attractive prices make our soccer boots essential value-for-money football gear that nonetheless offers high quality.

4. ANTA Soccer Pitch

We partnered with Shuhua Company Limited, a fitness equipment company in China, to develop soccer pitches and to build and promote cage soccer leveraging the advantages of the highly modular and adaptable Shuhua cage soccer pitch products, which were also easy to install, as a solution for the lack of soccer pitches in China.



MANAGEMENT DISCUSSION AND ANALYSIS



Alliance with NBA China to Launch Co-branded Products in China

Since October 2014, we have been the official marketing partner of NBA China and licensee of the NBA, and can use the NBA logo and the logos of the current 30 NBA teams, the NBA's legendary teams and NBA events on our adults and kids basketball shoes and accessories. During the year, we further enriched our portfolio of ANTA-NBA co-branded series products by introducing our 2015 NBA All-star Game and Finals editions of basketball shoes to arouse NBA fans' enthusiasm for basketball. Our collaboration with the NBA has not only helped us boost our professional brand image in the basketball market, but has also deepened consumers' sense of belonging.

Klay Thompson Joined Our "Basketball is Priceless" Team

In February 2015, Klay Thompson, one of the top players in the NBA and a star shooting guard with the Golden State Warriors, became one of our endorsers.

Our "Basketball is Priceless" team, together with another four NBA stars – Kevin Garnett, Rajon Rondo, Luis Scola and Chandler Parsons not only form a star-studded team on the basketball court, but are also a powerful assembly of top NBA resources for a Chinese sportswear brand. We have also tailor-made the designated "KT FIRE" basketball shoe for Klay Thompson which matches his image as a sharpshooter. The technologies applied to the shoe can fully satisfy his need for functionality on the court. With the help of "KT FIRE", Klay Thompson won his first NBA championship ring in the 2015 NBA Finals, and we immediately launched a large-scale marketing campaign celebrating his team's win over the Cleveland Cavaliers so as to strengthen our brand recognition and to boost the sales of our basketball products.

In August 2015, Klay Thompson completed his first China Tour in Beijing, Wuhan, Shenzhen, Guangzhou and Xiamen, working with us to promote basketball development in China by interacting with young basketball enthusiasts and understanding the strong basketball culture in China. During his China Tour, he shared his shooting skills and

participated in a free throw competition with basketball fans in Beijing, coached teenage players by personally demonstrating his skills in NBA Nation events in Wuhan, met and interacted with fans in Shenzhen and Guangzhou, and visited ANTA operational centre in Xiamen as well as the sports science laboratory at ANTA headquarters in Jinjiang. The endorsement of Klay Thompson and the partnership with the NBA are both boosting the market share of our basketball products in China's basketball market as well as customer loyalty, and are crucial for our basketball product category to achieving a leading position in China's basketball market.

Moreover, the first signature basketball shoe tailor-made for Klay Thompson, "KT1", made its official debut in San Francisco, United States in December 2015. The shoe was launched in China's mass market at an attractive retail price of RMB499, and was available not only online and at ANTA stores in China, but also at The Champs stores in Bay Area, San Francisco. This marked our inaugural launch of an endorser signature basketball shoe in both China and United States markets, and a major enhancement for the brand's recognition and reputation. The design of the high value-for-money "KT1" was inspired by the falcon with the familiar orange and blue colour scheme of



Golden State Warriors. The logo "KT" is shown on the tongue and the heel. In order to enable smooth and swift movement, the vamp of "KT1" features mesh and hot press lamination, which enhances the vamp's support and coverage to the foot and ensures lightweight and ventilation. Metallic contours on the vamp around the ankle strengthen the cuff's protection of the ankle; AUTO-arch technology was adopted in the sole to provide effective support and twist-resistance to the arch of foot. TPU technology enhanced hardness and was applied at the back, firmly holding the heel and increasing the stability of the foot during exercise.



MANAGEMENT DISCUSSION AND ANALYSIS



Luis Scola and Rajon Rondo Visited China

ANTA-endorsed NBA players Luis Scola and Rajon Rondo visited China in late July and early August 2015, respectively, to interact with basketball fans, to further promote the development of basketball and to help raise the skill levels of young basketball players in China.

Luis Scola, a power forward for the Toronto Raptors, kick-started the “ANTA-endorsed Star Players’ China Tour”. In addition to meeting David Shoemaker, the CEO of NBA China, along with the staff of NBA China, he also visited ANTA stores in Shenyang, Harbin and Beijing. During the visit at Tiyuguan Road in the Dongcheng District of Beijing for a “Visiting My Store in China Tour” activity, he signed autographs and took photos with the store staff, with the staff presenting a Chinese calligraphy “福” (meaning “blessing”)

as a gift to Luis Scola. Finally, he took part in the NBA Nation event in Beijing for two consecutive days, participating in various activities such as playing “Jump Shooting” game with basketball fans, entering a free throw contest against former Beijing Guo’an team players, viewing our basketball products and experiencing “Kinect Photo” in the ANTA’s brand showcase area.

NBA All-star point guard Rajon Rondo visited China after Luis Scola’s China Tour, with the “Rajon Rondo China Tour 2015” officially launched at the Wuhan Optics Valley Stadium. Rajon Rondo and other local and foreign coaches, including Lu Xiaoming, Li Ke, Zhang Boyu, Yin Yuchen, Sui Xiaolong, Zhao Anan and Chen Duan gathered in Wuhan to train and interact with young point guards in the “Ball Control Training Camp”. Rajon Rondo shared his point guard techniques with them, and helped them improve basic skills such as layups, mid-



range shots, dribble move and defensive reaction, in addition to teaching them an essential point guard mindset and tactical analysis on the basketball court. Also, he participated in a competition against young point guards, and his superior performance provided much inspiration to them. He also visited ANTA stores in Taiyuan and Jinan, engaging in close interaction with his mainland fans, attending the NBA Nation event in Shanghai where he practiced passing skills with students, and being a coach for the “ANTA Skills Challenge” activity.

We are committed to providing the best technology and an excellent product experience to sport enthusiasts in order to give everyone top basketball gear comparable to that used by NBA stars and to let them experience the joy of basketball. We jointly announced, with Rajon Rondo,

our latest basketball technology – Control-5WD technology, which uses bionic fingerprints and applies to the entire sole in order to increase friction. In accordance with ergonomic design, the fore foot and back foot areas of shoe soles use different materials with different hardness for different parts of the shoes in order to provide better balance of pressure on the foot and a more comfortable fit. It also sports a multi-link independent suspension system inspired by sports cars, which connects the fore foot and back foot and can enhance stability and increase speed. ANTA basketball shoes featuring Control-5WD can satisfy basketball players’, in particular point guards’ demand for agility when changing directions suddenly and offer great stability and protection to better control the tempo of the game of basketball.



MANAGEMENT DISCUSSION AND ANALYSIS



Kicked off “RUN WITH ME” Running Strategy and Launched Innovative Value-for-money Running Shoes

We aim to leverage our premium technologies and innovative strength to create running gear featuring better functionality and quality for runners. In May 2015, we unveiled our “RUN WITH ME” running strategy at the 33rd China Sport Show in Fuzhou, China. Along with the rapid growth of China’s running market and the surge in its running population, our “RUN WITH ME” running strategy will allow us further support China’s market for runners. We have been investing in technology and product innovation and are striving to boost the popularity of our premium running technologies among the general public.

In order to fulfill different needs from amateur to professional runners, we launched a wide range of professional running shoes and leveraged our premium technologies, including A-Jelly, A-Silo, SuperFlexi, A-Loop, etc., as well as its innovative strength to create more running gear of with better functionality and quality for runners. During

the year, we launched A-Web 3.0 technology which provided better cooling and ventilation compared with the second-generation version. We also developed the new A-Strata technology (Dual-layer Support technology) for running shoe soles. With additional cushioning and a supportive foam layer, the sole was approximately 15% softer than normal EVA soles, offering greater stability and a more comfortable running experience.

Just as importantly, we tailor-made the supreme functional running shoe “Challenge 100” not only for Chen Penbin, but also for all professional runners. The “Challenge

100” can take on constant pressure, adapt to changes in terrain, and fulfill the athlete’s requirements for running marathons. The upper part of “Challenge 100” is made of engineered mesh, making the shoe light, fitted, and able to effectively accelerate the release of heat build-up in the shoe; the mid-cut design of the shoe wraps around the foot perfectly; the sole is made of extra-thick durable rubber; TPU outsole and AUTO-arch technology are applied to the midfoot and arch of the shoe to ensure stability as the foot lands. The heel of the shoe sports A-Core shock-absorbing technology and multi-layer structure to minimise possible



impacts on and injuries to runners while maximising protection for the runner's ankles, knees and other body parts.

Supporting the Olympic Day Run for the Seventh Consecutive Year

As a long-term strategic partner of the COC, we sponsored the Olympic Day Run for the seventh consecutive year. In June 2015, the 29th Olympic Day Run, jointly organised by the COC and the Beijing 2022 Olympic Winter Games Bid Committee, was held concurrently in 11 cities including Beijing, Xiamen, Chengdu, Hefei, Yichang, Chengde, Zhangjiakou and Xining. The Olympic Day Run adopted our latest "RUN WITH ME" running strategy as its theme and delivered

our message of "RUN WITH ME" to every runner, which attracted 80,000 running enthusiasts celebrating the annual Olympic Day by way of city running. Famous athletes such as Olympic gymnastics champions Zhou Kai and Zhang Chenglong, gymnastics world champion Huang Huidan and elite gymnast Chen Siyi also attended the race in different cities. We also integrated the Olympic Day Run with online marketing, thereby attracting more attention to and drawing greater participation in the event with support from influential celebrities. By utilising the #RUNWITHME# hashtag, the celebrities shared their running experiences among sports enthusiasts. They also invited people who loved running to participate in the "Stride over the Starting Line" activity during the Olympic Day Run.



MANAGEMENT DISCUSSION AND ANALYSIS

KIDS SPORTSWEAR SERIES

While maintaining our leading position in the performance-based sportswear market for youngsters and adults, we also launched our Kids sportswear series in 2008 to penetrate the high potential kids sportswear market in China. This market is widely expected to grow more rapidly as the Chinese government has announced a new policy that will allow all married couples to have two children. This market is still fragmented, and well-established brands are generally considered to possess advantages over less mature new players. Being the first domestic sportswear brand to enter this market, ANTA Kids sportswear series has been well-received and is well-positioned to capture the tremendous opportunities ahead due to our products' credibility and affordability. To increase our market share

and enhance overall store efficiency, we strive to reinforce the competitiveness of our distribution network. The number of ANTA Kids sportswear series stores in China stood at 1,458 by the end of 2015 (end of 2014: 1,228). Meanwhile, we continue to upgrade our store image, optimise our product display quality and standardise the mix-and-match of clothing in line with the quarterly theme stories of our signature products.

Driven by urbanisation and the new two-child policy in China, more parents are demanding branded kids sportswear for the higher levels of quality, safety and functionality. Therefore, we are dedicated to offering the most stylish, protective and comfortable products for children aged 3-14. During the year, we introduced over 2,000 new styles of footwear, apparel and accessories in total. In addition to ANTA Kids basketball, outdoor, cross-training and lifestyle series, "ANTA-

NBA" co-branded shoes and accessories have been added to our Kids product portfolio since the start of our alliance with the NBA China in October 2014. The NBA logo as well as popular NBA team logos are used in the design of these co-branded products, making them exceptionally popular among young basketball fans. In view of the strong encouragement and support for youth soccer participation and development by the Chinese government, we tapped into the potential of soccer market during the year and launched children's soccer boots that offer good functionality with prices starting as low as RMB179. ANTA Kids soccer series has continued to achieve satisfactory sales since it launched in the fourth quarter of 2015, due to more and more students demanding value-for-money performance gear for soccer classes and competing in soccer matches on campus.





Our experienced R&D experts have thoroughly studied the characteristics of children's feet and bodies at each stage of physical growth in order to develop products that fit their shapes and sizes, including the brand new line of soccer boots. Our advanced technologies such as A-Web, A-Loop, A-Silo and air-cushioned sole were applied to our footwear products to offer kids excellent lightweight, soft, breathable and comfortable wearing experience during exercise. Moreover, we integrated quick dry and breathable fabrics, the cutting edge A-Infrared Warm technology and A-Cool technology, as well as soft and comfortable PIMA cotton and SORONA cotton into our stylish t-shirts, windbreakers, velvet clothing

sets, cotton clothing sets and down jackets. These apparel products can keep kids cool during hot summers, but can also keep them dry and warm in wet and cold weather conditions.

With the aim to help children grow up happily and healthily, our Kids sportswear series not only helps build strong brand loyalty to ANTA among children aged 3-14, but also meets their developmental needs in childhood. We always make the best use of our brand website and popular social media platforms to promote our high-quality products and arouse kids' enthusiasm in sports through a series of promotional activities. During the year, we held in-

store marketing events across China and leveraged our comprehensive and unique sports resources including the NBA China, ANTA-endorsed NBA players and Chinese champion athletes in strengthening ANTA's influence on kids and the brand's desirability among parents and children in China. More importantly, Zheng Zhi, the captain of China's national soccer team and the soccer idol of many Chinese children, has become the ANTA soccer promotion ambassador in helping promote and foster the recognition and credibility for ANTA Kids soccer series through participating in various youth soccer marketing events.



Chandler Parsons,

*Small forward for the Dallas
Mavericks of the NBA*





**BASKETBALL
IS MY LIFE**

MANAGEMENT DISCUSSION AND ANALYSIS



DISTRIBUTION NETWORK MANAGEMENT



Retail-oriented Strategy

Our comprehensive retail-oriented strategy successfully improved our retailers' competitiveness, store efficiency and responsiveness to the fast-changing market. During the year, we continued to strengthen cooperation with our retailers and optimised our retail-oriented strategy to capture market opportunities. Details of our strategy are as follows:

1. Build Retail-oriented Mindset and Appraisal System

We always believe that the most effective approach to retail channel management is to consider ourselves a retail company. Therefore, we emphasised retail efficiency in our corporate culture and values, and have established a consumer-oriented retail management and appraisal system to measure our performance according to the retail operating data.

2. Share Retail Data and Market Trends with Suppliers and Retailers

An effective communication mechanism contributes to the success of our retail-

oriented strategy. From the product planning stage, we work closely with retailers to gather customer feedback in order to develop products that are truly welcomed by the mass market. Analysis of and feedback on product sales performance gathered by our real-time monitoring system are shared with our retailers on a regular basis. Such timely market information and retail data also enable us to stay abreast of consumer demands and to formulate more accurate product development plans, ordering guidelines and replenishment forecasts for retailers.

3. Provide Precise Order Guidelines to Retailers to Prevent Inventory Pile-up

Healthy inventory levels can prevent deep retail discounts and stabilise retailers' profitability and sustainability. Therefore, we provide precise order guidelines on a per store basis so as to allow greater accuracy in orders and to stabilise in-store inventory levels. We also encourage our retailers to be flexible in taking replenishment orders so as to reduce their inventory risks and to capture market potential. Meanwhile, our well-managed clearance channels

– including factory outlets and discount stores – enable our retailers to reduce inventory pressure at a faster pace.

4. Strictly Require Retailers to Comply with Our Retail-related Policies

Apart from regular training on inventory management and product knowledge, we thoroughly examine our retailers' store opening plans and require them to follow our strict retail policies so as to strengthen their competitiveness and profitability. Furthermore, we insist on projecting a consistent store image across our nationwide distribution network and the standardisation of product display equipment and POP materials which highlight quarterly marketing themes. During the year, we continued to encourage retailers to upgrade their store layouts in line with our latest seventh-generation store image.

5. Optimise Retailers' Operating Performance and Store Efficiency

We have adopted flattened sales management and have streamlined our already lean and effective distribution

MANAGEMENT DISCUSSION AND ANALYSIS

structure so as to facilitate better interaction with retailers. Through our comprehensive monitoring system – which includes a real-time ERP system, weekly reports submitted by POS and frequent channel checks by our sales people – we are able to closely monitor retailers' performance and carry out immediate measures to help improve the operational efficiency of their stores.

6. Our Brand Reaches Ultimate Customers through Nationwide Distribution Network

An attractive store image and a pleasant shopping experience also play a key role in enhancing retail efficiency and boosting customer traffic. The eye-catching layouts at our flagship stores in prime locations and the latest seventh-generation store layout help showcase our distinctive and unified brand image. Store decoration and promotional materials such as in-store posters and product display props are provided to retail stores to highlight the marketing theme and product story of the season. We also further optimised our visual merchandising to put our signature products – such as the “ANTA-NBA” co-

branded series, “Basketball is Priceless” series, cross-training series, high-tech running series as well as our newly-launched soccer series – in the spotlight.

7. Formulate Optimal Store Opening Plans with Retailers Based on Actual Market Conditions

We believe that the sustainability of a distribution network is mainly driven by store quality, including aspects such as location, size, efficiency, store layout, etc., rather than the number of stores. During the year, we continued to consolidate smaller and less efficient stores while opening bigger and more attractive stores in prime locations so as to enhance store efficiency and to stay competitive. The number of ANTA stores by the end of 2015 was 7,031 (end of 2014: 7,622).

Overseas Markets

We have strategically tapped and expanded our distribution network into the international market. During the year, our overseas retailers operated ANTA stores and concessionary counters in Southeast Asia, Eastern Europe and the Middle East.

Leveraging our competitive edges such as exclusive sponsorship resources, renowned endorsers and eye-catching advertising campaigns, we continued to strengthen our international exposure and improve our sales performance in overseas markets. We also worked closely with our overseas retailers to explore more opportunities in emerging markets so as to achieve greater win-win outcomes.

E-commerce Business

Due to growing internet use, improved infrastructure and a wider range of available products, online shopping has become increasingly popular and has created a shopping revolution for ordinary consumers. Apart from going to traditional bricks-and-mortar stores, consumers can choose to shop on online platforms, which provide a more convenient way of purchasing a wide range of products. To cope with the ever-changing market trends and online shoppers' demands, we have progressively expanded the selection of new products by launching in-season products and online exclusive products.

Since 2009, we launched our e-commerce business through implementing a multi-



channel strategy. Our e-commerce business started operating on our official online flagship store (<http://www.anta.cn>) and other renowned e-commerce platforms in China, including Tmall, JD, Vipshop, etc. Under our stringent guidance and policy, some third party online retailers were authorised to open and operate webstores selling our products. We have also started cooperating with outstanding offline distributors aiming to maximise mutual benefits between web-based and brick-and-mortar stores by allowing them to operate online stores. During the year, we further optimised our e-commerce channels and strengthened our cooperation with Tmall aiming to stimulate our online sales performance and enhance market influence.

Our e-commerce business is no longer a channel for clearing aging inventory but has gradually become an innovative platform for selling our unique products, which include

in-season products and online exclusive products from our brands ANTA, ANTA Kids and FILA. During the year, our in-season signature products, such as Control-5WD basketball shoe series, A-Web 3.0 technology running shoe series, "Challenge 100" supreme functional running shoes as well as our new soccer boots for children, all received overwhelming responses and recorded notable sales at both online and offline ANTA stores. Moreover, we launched a "red packet" marketing campaign to celebrate the third anniversary of our official online flagship store. Echoing China's "Singles' Day" online shopping festival, we also offered promotions on our e-commerce channels and hit record-high sales on that day. Through diversified product selections, special marketing tactics, efficient logistics and comprehensive after-sales services, we were capable of staying ahead of competition, attracting higher customer traffic and generating more sales.

Supported by our experienced online sales team, we are committed to attracting more online shoppers. To achieve this, we optimised our online store interface, improved product descriptions and presentation and enhanced our product search and sorting functions. Product launch schedules, priorities and styles of our e-commerce platforms are all standardised to create synergy and to prevent competition between online and offline retailers. In addition, we also provided all-round customer services including safe payment procedure, well-established supply chain, fast and reliable delivery services, VIP membership system and product return guarantee. Positive feedbacks from our customers contribute to building our good brand reputations. Our e-commerce segment is gaining significance in our business and we will continue to explore more profitable market opportunities.



ANTA'S APPAREL TECHNOLOGY

A-ORGANIC COTTON

Planted and produced in a natural and eco-friendly process, A-ORGANIC COTTON offers better breathability, softness and comfort, and is also allergy-free, making it suitable for human skin

A-PROOFRAIN I

A-PROOFRAIN I protects wearers from light rain, keeping them dry inside

A-SEAMLESS

A-SEAMLESS allows stereoscopic cutting based on characteristics of body shape to achieve a perfect combination of sports and fashion

A-STATIC

A-STATIC effectively reduces static electricity generated from the clothes so as to prevent static shocks

A-PROOFRAIN III

A-PROOFRAIN III can protect wearers from heavy rain and snow storms efficiently and enduringly, while quickly drawing moisture from the body surface, always keeping human body comfortable and dry

A-FROZEN SKIN III

A-FROZEN SKIN III applies Xylitol, an endothermic macromolecular material, on quick-drying fabric during the printing process, so as to greatly enhance the heat transfer from skin surface into textile; it also offers excellent and persistent cooling function through fast leading out of water and evaporative cooling by the fabric

A-SPORTS ENERGY

By adding nano-germanium material to fiber, A-SPORTS ENERGY enables textiles to feature far infrared emission and anion release, which can encourage human muscle tissues to generate more energy for accelerating recovery from fatigue and enhancing performance during exercise

A-ANTISEPTIC

A-ANTISEPTIC restrains bacterial growth on the fabric, keeping clothes fresh and clean even longer

SORONA

SORONA is bright in color and is fade resistant, its unique molecular structure features excellent resilience; the fiber groove section provides a natural hygroscopic and sweat releasing function

A-COOL

A-COOL helps keep wearers dry and comfortable so as to improve athletic performance

A-FROZEN SKIN

A-FROZEN effectively regulates the temperature of the body surface and helps keep the skin dry and refreshing even in hot and humid environments

A-PROOFRAIN II

A-PROOFRAIN II protects wearers from moderate rain, keeping the outfit dry while at the same time enabling moisture to evaporate from the body surface and keeping human body comfortable and dry



A-INFRARED WARM uses ceramic printing material which releases far infrared when body heat is generated and enhance the insulating function through far infrared heat storage



A-WARM reduces heat loss and regulates body temperature, making wearers experience the warmth and comfort of sports in cold environments



HEATING A-WARM features special thermal insulation materials which can absorb moisture and sweat from human body and convert it to heat, making wearers feel warm and comfortable



REFLECTING A-WARM applies the principle of heat reflection, helping to reflect human heat through heat convention so as to preserve warmth



GREEN A-WARM uses the next-generation DuPont Sorona fiber thermal insulation material, which is partly derived from renewable natural resources, and features warmth and comfort



Clothes featuring **LIGHT A-WARM** are woven from superfine high density fiber, together with lightweight and excellent warm heat preserving filling materials



HOLLOW A-WARM adopts a special manufacture process using hollow fiber with a still air layer; the low thermal conductivity of the still air layer and its low heat dissipation characteristics help keep wearers warm

ANTA'S FOOTWEAR TECHNOLOGY

A-STRATA

A-STRATA is also known as Dual-layer Support technology for running shoe soles. With additional cushioning and a supportive foam layer, the sole is approximately 15% softer than normal EVA soles and offers greater stability and a more comfortable running experience

A-WEB3.0

A-WEB employs today's most popular knitting technology, while the vamp itself is a single body which can provide a better fit and wearing experience by holding the foot tightly inside the shoe. It also adopts breathing hole design extensively, and different parts of the vamp are of different knitting densities so as to substantially enhance breathability. More importantly, A-WEB 3.0 provides better cooling and ventilation compared to the second-generation version



SIDE-BACKER

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

A-SILO

A-SILO is an innovative sole featuring individual nodes that provide advanced energy return performance and plantar pressure comfort. The nodes of the newly developed A-SILO 3.0 are arranged and distributed in different sizes according to the bone structure and pressure points of the feet so as to provide better support and cushioning for runners

A-JELLY

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

A-CORE

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

SUPER FLEXI

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

A-Hardcourt RB

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

A-XFOAM

A-XFOAM adopt special material to provide superior shock resistance and excellent resilience ability

A-SPRING

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

TALOON

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

A-COOL

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

A-FIT

A-FIT is an insole technology which can disperse plantar pressure and offer ultimate comfort thanks to its soft insole surface fitting the foot shape

A-RENO

A-RENO adopts various special materials and means so as to enhance the shoe's visibility in low light environment and to enhance safety during exercise

A-LOOP

A-LOOP is inspired by the double layer structure of a car chassis. The hollow cylinders at the outsole periphery are as similar to tires, and provide greater comfort, springiness and energy return. The middle part of outsole along the forefoot and rearfoot is hollow which is similar to a car chassis to provide sustainability in support

A-HELMET

A-HELMET uses encapsulated design of wear-resistant material in toe cap to prevent excessive wear of the shoe toe cap and protect toes from injury

A-Wearable RB

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

AUTO-ARCH

AUTO-ARCH enables greater torsion control and improves stability

A-TWIST

A-TWIST applies multi-direction flexing design to improve the softness of mid shoe sole and enhance comfort

PRS

PRS rotate system facilitates greater agility on the feet when spinning

A-FORM

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

A-STICKYRB

A-STICKYRB possesses high Tensile strength and excellent flexibility. The slip resistance ability has better traction on smooth and wet surface which suitable for outdoor activities.

CONTROL-5WD

CONTROL-5WD features bionic design in the outsole, which simulates the plantar structure in the human foot and helps improve the forefoot's performance during exercise

A-GRIP

A-GRIP features unique design with claw-like particles on the outsole, distributed over stress points of the foot. These particles can grip on the soft ground like nails and provide multidirectional grip function for stabilising the gait during walking and running

MANAGEMENT DISCUSSION AND ANALYSIS



SUPPLY CHAIN MANAGEMENT

We attribute our success in gaining market share and driving sustainable growth to our ongoing product innovation, stringent quality controls, responsive supply chain and effective in-house production. We always strive to optimise our R&D capabilities so as to bring greater product differentiation. According to the latest results of “The 23rd China Retail Consumption Statistical Analysis” jointly conducted by The China General Chamber of Commerce and the China National Commercial Information Centre, our travel and sports shoes ranked number one in terms of market share in China for the 14th consecutive year, which demonstrates our value-for-money innovative products have continued to gain recognition among consumers in the China mass market.

Product Innovation

In order to increase product differentiation, we believe technological invention and cutting-edge design are the most powerful weapons. Apart from enhancing technologies such as A-Jelly, A-Silo, SuperFlexi, etc., on running, basketball and cross-training products, we also introduced new signature products every quarter which is widely welcomed by consumers and have received extensive praise. During the year, we introduced over 1,950, 3,850 and 1,450 new styles to our footwear, apparel and accessories portfolios respectively, catering to amateur and professional users alike. In addition to launching the supreme functional

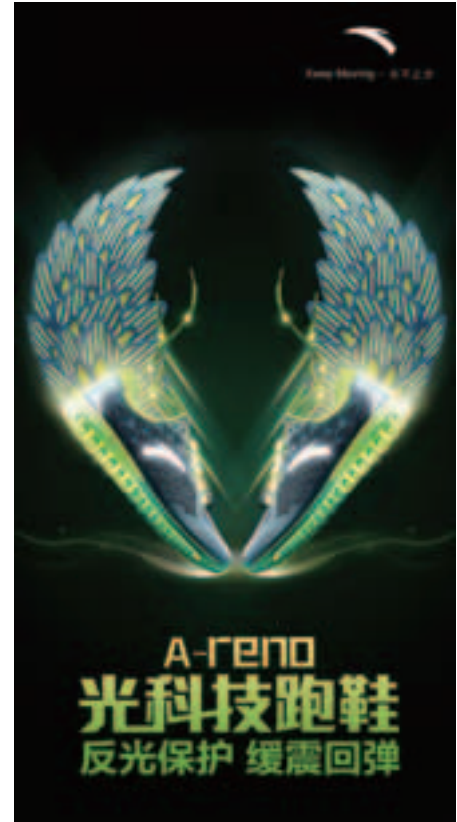
running shoe “Challenge100”, we also offer value-for-money functional footwear products featuring our newly-developed technologies, namely A-Web 3.0, A-Strata, A-Fit, A-Reno and Control-5WD, etc., to all sports lovers. We adopted advanced fabrics and self-invented apparel technologies such as A-Frozen Skin III, A-Sport Energy and A-Infrared Warm, etc., into our functional clothing for running and outdoor sports to provide users with comfortable athletic experience and resistance to unfavourable weather conditions.

Quality Control

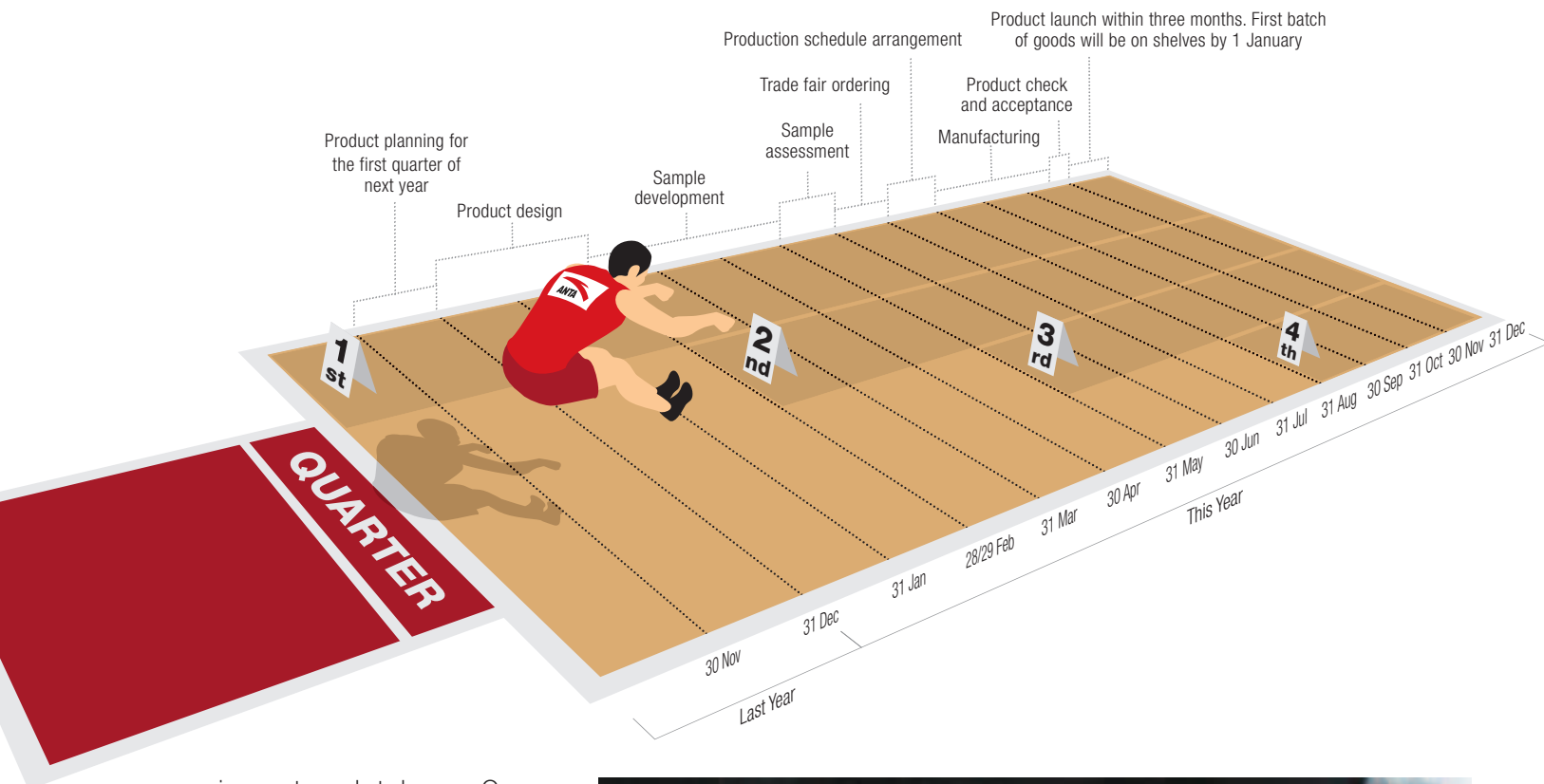
Our retail-oriented strategy not only aims to enhance controls over our retail channels, but also to develop products that are truly welcomed by consumers. While competing for a greater market share, we have all along considered it our top priority to offer consumers comfortable and protective products. During the year, we continued to enhance our quality control capabilities throughout the entire manufacturing process at both of our own factories and in our suppliers’ production facilities. We have also adopted ISO international testing standards to ensure that the quality of all products complies with international standards.

Supply Chain and Operational Management

An effective and responsive supply chain is a key factor for outperforming the peers. We always fully support our supply chain partners to enhance their quality controls and workflow efficiency and to improve their



Cycle of Product Design, Production and Delivery



responsiveness to market changes. Our quality OEMs and ODMs, as well as our well-managed in-house factories offer better flexibility to meet unforeseeable demand in a timely and cost-effective manner. To allow better visibility on consumer demand, we have further strengthened our supply chain so as to shorten the production lead time. We have also implemented, on a pilot basis, a direct-to-store delivery model to distribute new products to stores directly from our production bases.

Production Capabilities

Our strategic mix of in-house and outsourced production allows us to better respond to market conditions and changes in consumer preferences. We are always devoted to optimise our production efficiency in order to enhance our flexibility in replenishment and to maintain cost-leadership. During the year, the proportions of self-produced footwear and apparel and procured footwear and apparel were 49.0% and 15.9%, respectively (2014: 54.4% and 15.9%).







FILA BUSINESS IN THE PRC

FILA is a well-known global sportswear brand that targets the high-end market segment. Since acquiring the Fila business in the PRC in 2009, we have integrated our design talents, experienced retailers, supply chain partners and FILA's worldwide marketing resources to help us tap the promising potential in the high-end sportswear market. We promote the trendy brand image and stylish products of FILA in China through celebrity endorsements. During the year, Hollywood actor Chris Evans, who is best known for his role as Captain America, became a FILA ambassador in the PRC. He not only starred in the advertising campaign for the launch of FILA's 2015 Fall/Winter collection, but also appeared at the grand opening of the FILA store at Grand Gateway 66, in Shanghai, in September to meet fans.

During the year, we put more effort in opening FILA stores in cities showing the most potential in order to drive sales and elevate our brand exposure in China. In May 2015, the largest FILA flagship store in Hong Kong opened at iSQUARE, Tsim Sha Tsui. The new flagship store features the most striking decoration, LED screens, stylish lightings and eye-catching product displays in one of the highest traffic locations in the city's core shopping and tourist districts. We also progressively renovated FILA stores into the brand new 4.0 store layout in order to drive customer traffic, sales performance and store efficiency. By the end of 2015, there were 591 FILA stores operating in China, Hong Kong and Macao (end of 2014: 519).





In addition to optimising our store image, store efficiency and retail management, we are dedicated to enriching FILA's product portfolio and raising awareness of FILA in China. During the year, we launched FILA KIDS and FILA INTIMO, with the aim of tapping the promising potential in children's clothing and men's underwear markets. Around 50 FILA KIDS stores have been opened after the launch of FILA KIDS. Moreover, we cooperated with renowned American fashion designer Ginny Hilfiger to integrate her simple, trendy yet elegant design style and FILA's "Modern Vintage" essence into the FILA Ginny Line. We also introduced the brand new FILA Red Line highlighting the latest athletic fashion trend and usage of high-tech fabrics such as Space Cotton, Poly Memory Span and Poly Span Icefil.

FILA is the Official Sports Uniform Sponsor of the Hong Kong, China Delegation, the Official Apparel Sponsor of the Hong Kong Table Tennis Association and the Official Sponsor of the 2015 World Ladies Championship (Golf), enabling the heritage and uniqueness of FILA products to capture the attention of yet more consumers at major international sporting events. More importantly, we have announced an unprecedented cross-border collaboration with an ethnic Chinese New York-based fashion designer, Jason Wu, who is most famous for designing dresses for Michelle Obama, First Lady of the United States. "Jason Wu X FILA" 2016 Spring/Summer collection was firstly unveiled at a world class fashion show in Hong Kong in November 2015 before its official launch in January 2016, which received extensive exposure on media and drew much attention from consumers.





Kevin Garnett,
*Power forward for the
Minnesota Timberwolves
of the NBA*



**REACH
HIGHER**

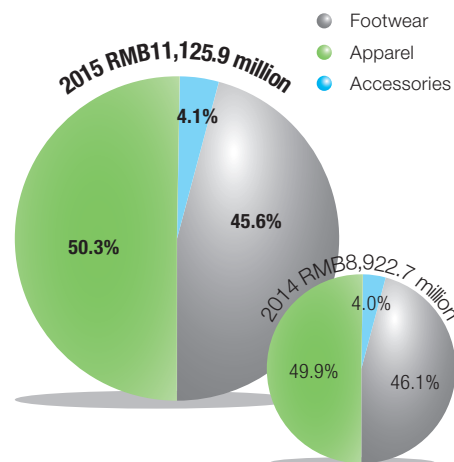
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue Breakdown by Product Category

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

	Year ended 31 December					Changes (%)
	2015		2014			
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)		
Footwear	5,074.1	45.6	4,110.5	46.1	↑ 23.4	
Apparel	5,591.7	50.3	4,451.2	49.9	↑ 25.6	
Accessories	460.1	4.1	361.0	4.0	↑ 27.5	
Overall	11,125.9	100.0	8,922.7	100.0	↑ 24.7	



During the financial year, the Group's revenue increased by 24.7% which is higher than the growth rate of the order value of 2015 trade fairs for ANTA products as announced before because the growth of other businesses are notable.

Gross Profit and Gross Profit Margin Breakdown by Product Category

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

	Year ended 31 December					Changes (% point)
	2015		2014			
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)		
Footwear	2,341.8	46.2	1,907.7	46.4	↓ 0.2	
Apparel	2,671.2	47.8	1,981.9	44.5	↑ 3.3	
Accessories	172.4	37.5	137.2	38.0	↓ 0.5	
Overall	5,185.4	46.6	4,026.8	45.1	↑ 1.5	

Amid the successful retail-oriented strategy, the Group's overall gross profit margin for the financial year has improved as compared with 2014. As we strategically launched more value-for-money high-performance footwear products, offsetting by FILA's better retail discounts, the footwear gross profit margin has dropped slightly by 0.2% point. Due to fall of petrochemical prices and FILA's better retail discounts, the apparel gross profit margin has increased by 3.3% point.

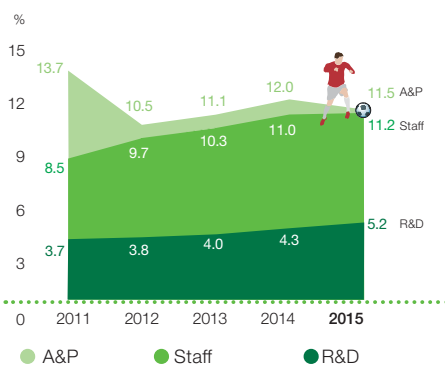
Other Net Income

Other net income for the financial year mainly represented government grants of RMB234.2 million (2014: RMB89.8 million), as a recognition of the Group's contribution towards the local economic development.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue has decreased by 0.5% point for the financial year due to the notable growth in revenue in spite of the increased expenditures in relation to advertising and marketing campaigns. The ratio of staff costs to revenue has increased by 0.2% point mainly due to the expansion of other businesses. The ratio of R&D costs to cost of sales has increased by 0.9% point due to more R&D investments on functional products with advanced technologies.

OPERATING EXPENSES RATIOS



Operating Profit Margin

Operating profit margin increased by 1.6% point which was mainly contributed by the 1.5% point increase in the gross profit margin for the financial year.

Net Finance Income

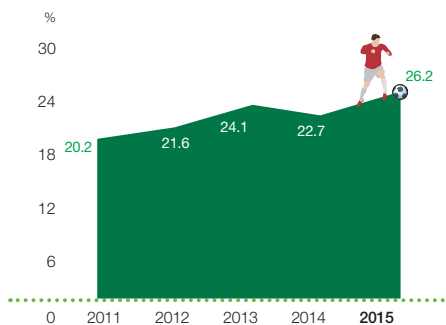
The decrease in interest income was in line with the decrease in fixed deposit interest rates during the financial year.

Finance expenses mainly included the interest expense on bank loans during the financial year.

Effective Tax Rate

Effective tax rate increased from 22.7% for 2014 to 26.2%, mainly because certain subsidiaries achieved stronger business growth during the financial year and their profits are taxed at standard income tax rate.

EFFECTIVE TAX RATE



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 0.8% point for the financial year which was due to the decrease in net finance income and the increase in effective tax rate.

Write-down of Inventories

For the financial year, the reversal of write-down of inventories amounting to RMB9.8 million was credited to profit or loss (2014: RMB58.7 million). This reflects the Group has strived to clearing slow-moving inventories and the market responded positively on the selling prices in 2015.

Provision for Doubtful Debts

For the financial year, the reversal of provision for doubtful debts amounting to RMB8.7 million was credited to profit or loss (2014: RMB46.1 million).

Dividends

The Board has recommended a final dividend of HK30 cents and a special dividend of HK8 cents per ordinary share in respect of the financial year, together with payment of interim dividend of HK30 cents per ordinary share, representing a payout of RMB1,428.0 million (2014: RMB1,208.3 million), or a distribution of 70.0% (2014: 71.1%) of the current year's profit attributable to equity shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2015, the cash and cash equivalents of the Group amounted to RMB5,165.9 million, representing an increase of RMB232.2 million as compared with the cash and cash equivalents of RMB4,933.7 million as at 31 December 2014.

The net cash and cash equivalents (including fixed deposits held at banks with maturity over three months, pledged deposits and other current financial assets, minus bank loans and bills payable) was RMB5,503.4 million as at 31 December 2015 (as at 31 December 2014: RMB5,430.8 million). This is mainly attributable to:

- Net cash inflows from operating activities amounted to RMB1,902.9 million, which was nearly equal to the profit attributable to equity shareholders, representing effective cash generating process.
- Net cash outflows from investing activities amounted to RMB413.0 million, mainly including capital expenditures amounting to RMB460.9 million, payment for acquisition of interest in a subsidiary amounting to RMB26.4 million, net amount of placement of fixed deposits held at banks with maturity over three months of RMB265.0 million and net decrease in other financial assets amounting to RMB330.0 million.
- Net cash outflows from financing activities amounted to RMB1,293.7 million, which mainly represented the payment of the final and special dividends in respect of the financial year 2014 and the interim dividend in respect of the financial year, dividend paid to non-controlling interests of a subsidiary, the net repayments of bank loans and the payments of interest expense on bank loans, partially offset by the net proceeds from issue of bills of exchange and the proceeds from

	2015 (RMB million)	2014 (RMB million)
Year ended 31 December		
Operating cash inflow	1,902.9	1,685.9
Capital expenditures	(460.9)	(262.7)
Acquisition of interest in a subsidiary	(26.4)	–
Others	1.4	3.9
Free cash inflow	1,417.0	1,427.1
As at 31 December		
Cash and cash equivalents	5,165.9	4,933.7
Fixed deposits held at bank with maturity over three months	1,365.0	1,100.0
Pledged deposits	202.5	210.4
Other current financial assets	200.0	535.0
Bank loans	(1,330.0)	(1,348.3)
Bills payable	(100.0)	–
Net cash and cash equivalents	5,503.4	5,430.8

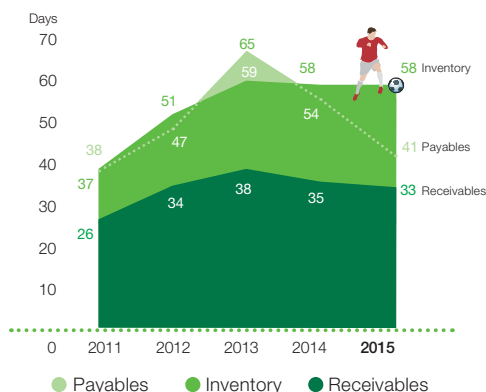
share issued pursuant to share option schemes.

As at 31 December 2015, total assets of the Group were RMB12,502.0 million of which current assets were RMB10,156.7 million. Total liabilities and non-controlling interests were RMB3,922.3 million and total equity attributable to equity shareholders of the Company amounted to RMB8,579.7 million. The Group's gearing ratio was 11.4% as at 31 December 2015 (as at 31 December 2014: 11.8%), being a ratio of sum of bank loans of RMB1,330.0 (as at 31 December 2014: RMB1,348.3 million) and bills payable of RMB100.0 million (as at 31 December 2014: Nil) to total assets. Such bank loans and bills payable were denominated in Renminbi and repayable within one year.

Assets/Liabilities Turnover Ratios

The average inventory turnover days remained at the same level of last year. The average trade receivables turnover days slightly decreased by 2 days. The average trade payables turnover days decreased by 13 days. This represents a better managed cash generating process and a healthy operating cash inflow for the financial year.

Assets/Liabilities Turnover Days



Pledge of Assets

As at 31 December 2015, the Group had bank deposits of RMB202.5 million (as at 31 December 2014: RMB210.4 million) pledged to secure bankers' documentary credits for certain contracts and construction projects.

Capital Commitments and Contingencies

As at 31 December 2015, the Group had capital commitments of RMB314.3 million, mainly relating to the expansion of production facilities and the enhancement of information management systems.

As at 31 December 2015, the Group had not provided any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Financial Management Policies

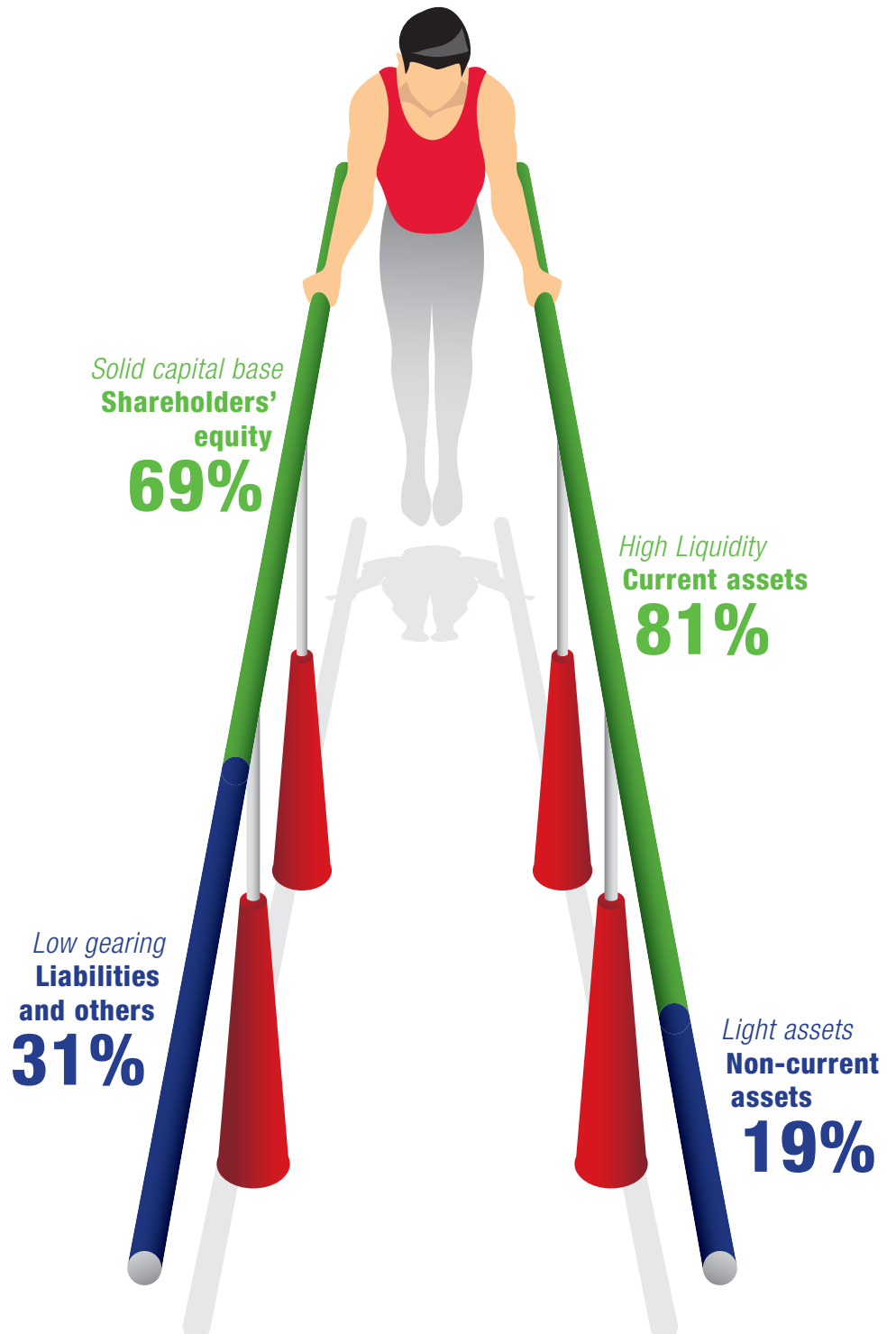
The Group continues to control financial risks in a prudent manner and proactively adopts internationally recognised corporate management standards to safeguard the interests of shareholders. As the functional currency of the Company is the Hong Kong dollar and the Company's financial statements are translated into Renminbi for reporting and consolidation purposes, foreign exchange differences arising from the translation of the financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transactions principally in Renminbi, the currency risk at the Group's operational level is not significant. Nevertheless, the management actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

Significant Investments and Acquisitions

During the financial year, save as the acquisition of a subsidiary as set out in note 31 to the financial statements, the Group has made no significant investments or any material acquisition or disposal of subsidiaries. The Group continues to seek business opportunities such as acquisition of and cooperation with international sportswear brands to operate brand management business so as to increase the returns on shareholders' equity.

Strong Financial Position

12,502.0
Total assets (RMB million)



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Our solid fundamentals, strong brand equity, high degree of product differentiation and effective management of the distribution network and supply chain make us capable of outperforming our peers and delivering sustainable growth amid the intense competition in China's sportswear industry. Seeing the growing demand for functional value-for-money sportswear due to the Chinese government's support for the development of the sports industry and the popularisation of sports, and the promising outlook for online shopping, children's sportswear market as well as high-end sports clothing market, we will build on the core strengths of ANTA, ANTA Kids and FILA to maintain our leading position in their focus markets and to tap the full market potential in the long run.

Strengthening Recognition of Our Brands with Effective Marketing Strategy

Multi-branding is one of our key strategies for tapping the full potential in various markets in China. We always focus on effectiveness and the synergy between our diverse sponsorship resources and our branding initiatives in helping us create demand and drive sales. The strong influence of the NBA, ANTA-endorsed renowned NBA players and Chinese athletes will help strengthen customer loyalty to ANTA and ANTA Kids in

our key sports markets, including running, basketball, cross-training and the newly-entered soccer market. We will also further foster ANTA's unique image of representing the essence of China's sports by bringing into full play our solid partnerships with the COC and 24 China's national teams throughout the Rio de Janeiro Olympics in 2016. In addition, "Captain America" Chris Evans will continue to promote FILA's unique brand image and trendy collections to highend consumers with his appearance in FILA's advertising campaigns.

Focusing on Consumer Experience and Enhancing Product Differentiation

We always make the best use of our R&D resources and regularly develop revolutionary new technologies to enhance our customers' athletic performance and to cater to their specific needs. We will continue to provide comfort and protection for adults and kids by upgrading our

advanced technologies and incorporating them into our value-for-money functional sportswear. In addition, we will launch not only eye-catching and stylish new collections under FILA and FILA KIDS, but also the "Jason Wu X FILA" collection featuring Jason Wu's unique fashion aesthetics and



FILA's "Modern Vintage" essence in 2016. More importantly, we will focus more on consumer experience with an aim to driving online and offline sales through offering innovative products that consumers in mass and high-end markets really want; through a more pleasant and comfortable shopping experience in renovated brick-and-mortar stores featuring a strong sense of space, impressive decoration and neat product displays; as well as through convenient online shopping platforms with good interface, delivery and after-sales services.

Optimising Our Omni-channel Strategy to Stay Competitive

In order to maintain the long-term sustainability of all forms of our retail channels, we will continue to implement retail-oriented measures to help retailers maximise their profitability, enhance their store efficiency, adopt the latest store layout and manage their orders and in-store inventory. We will make further gains in market share by maintaining a solid presence in China. We expect there will be total of between 7,000 to 7,100 ANTA stores, 1,700 to 1,800 ANTA Kids sportswear series stores and 650 to 700 FILA and FILA KIDS stores in the PRC by the end of 2016. In view of the rapid growth of

online shopping, we will roll out more brand-new online exclusive products on and foster our cooperation with popular e-commerce platforms, and will further take advantage of the power of Big Data analytics and social media marketing to create synergy and to maximise mutual benefits between our online and offline stores.

Achieving Better Operational Efficiency to Drive Long-term Sustainability

Since operational efficiency and cost-leadership are our key factors in maintaining sustainability, we are always devoted to maximising the cost-effectiveness on A&P and R&D spending, optimising manufacturing processes and introducing cost-saving production technologies. With the support of comprehensive real-time data collection and mining from our ERP system, we are capable of monitoring our retailers' performance and more effectively developing products that are truly welcomed by consumers. In order to speed up our delivery and to satisfy unforeseeable demand quickly amid the ever-changing markets in China, we have initiated a project on logistics base planning to better cope with our multi-brand and omni-channel strategies.



**HARDER
TRAINING
BRINGS
BRIGHTER
FLAME**

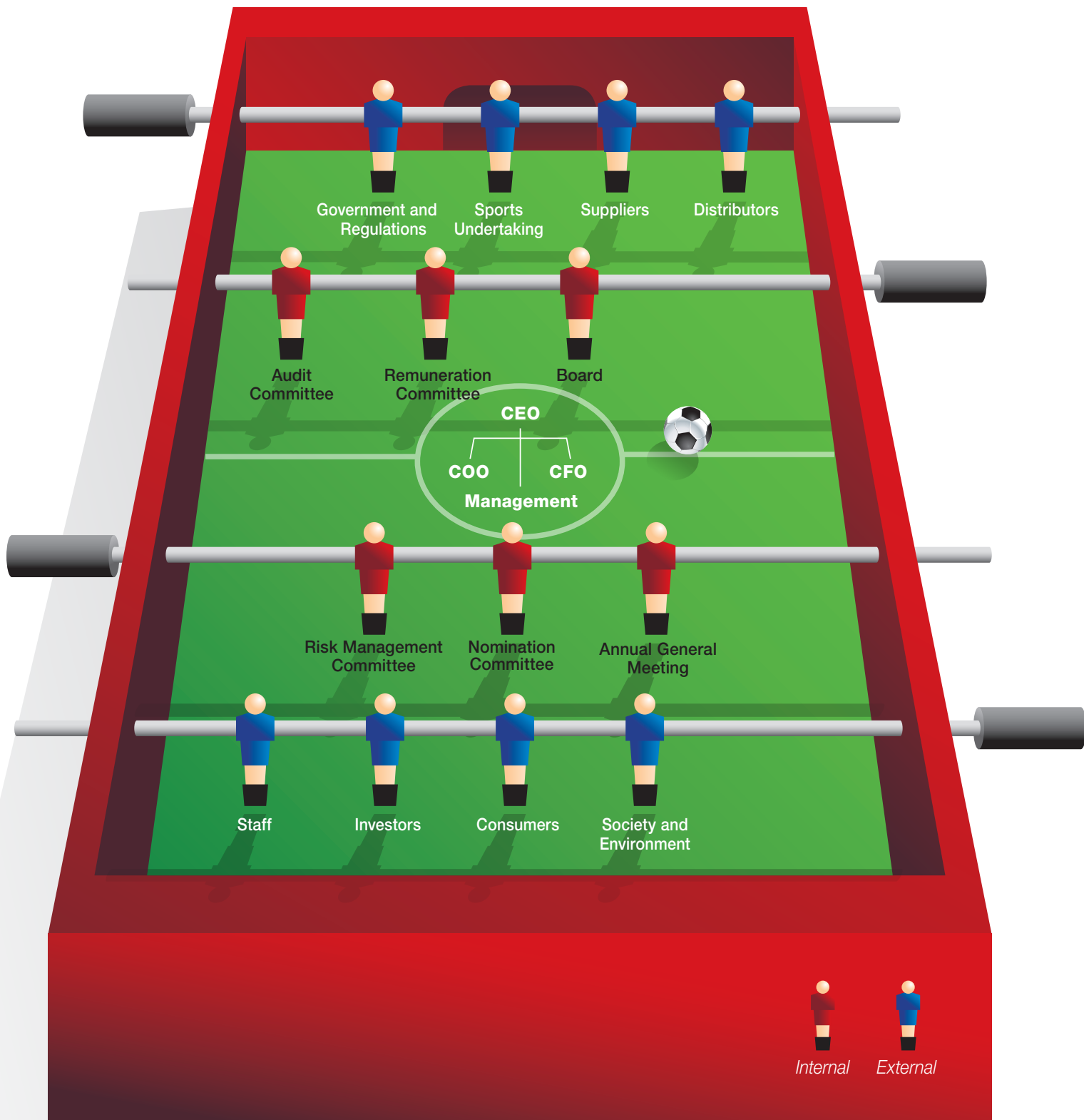


*Luis Scola,
Power forward for the
Toronto Raptors of the NBA*

**CORPORATE
SOCIAL
RESPONSIBILITY
REPORT**



CORPORATE SOCIAL RESPONSIBILITY REPORT





We understand good corporate governance is an essential foundation of our success and the key to our bright prospects for future advancement. To fulfill the responsibility of good corporate citizenship, we have incorporated CSR principles into our general business practices. These have enabled our business operations reaching the highest ethical standards while complying with all laws and regulations. During the year, we launched several community activities, combining charitable donations with our strength and resources in the sports field. We have actively promoted participation in various sports, including running, basketball, soccer and so on, in order to foster the popularisation and development of sports in China, and to further support the health and welfare of society.

COMMUNITY INVOLVEMENT

“Sport-All for All” Charity Projects

Under the cooperation with the COC, the Champion Fund and the Juan Antonio Samaranch Foundation, we have collectively established the “Olympic Charity Collaboration Alliance” to promote sports awareness in schools in China. Starting from 2013, the “Olympic Charity Collaboration Alliance” has organised a variety of “Sport-All for All” charity projects across 31 provinces and municipalities in China through ANTA sportswear donations to several hundreds of schools and face-to-face interactions between Olympic champions and children. During the year, “Sport-All for All” charity projects were held in Haikou, Hainan Province and Maoming, Guangdong Province, Lhasa in Tibet as

well as Yichang, Hubei province etc. Furthermore, we donated more than RMB25 million worth of sportswear to local schools and government.

1. Haikou, Hainan Province

We visited the Lingshan County Central Primary School in Haikou with athlete celebrities such as Li Na, Olympic diving champion; Li Na, Olympic fencing champion; Cheng Shuang, world skiing champion; Liu QiuHong, world short skating champion; Sui Lu, world gymnastics champion; Li Ke, former China basketball national team player and current basketball commentator on CCTV. During the visit, they shared their Olympic experiences and encouraged the children to fight for their dreams and concluded their visit with a soccer game with the students.

2. Maoming, Guangdong Province

Li Na, Olympic diving champion; Cheng Shuang, world skiing champion; Liu QiuHong, world short skating champion and other renowned athletes visited schools in Maoming. They visited Maoming Eleventh Secondary School for the “Soccer on Campus” program where they interacted with the students. The visit included a soccer coaching session to provide professional skills advice to students, offered by Liu Chao, former Beijing Guoan Football Club player, and Kou Shen, former Qingdao Hainu Football Club player, followed by a friendly soccer match. More importantly, they shared their Olympic stories and encouraged students to pursue their dreams.



CORPORATE SOCIAL RESPONSIBILITY REPORT

3. Lhasa in Tibet

Along with the Samaranch Foundation and Tibet 5100 Water Resources Holdings Ltd, we jointly held the “Founding of Tibet 5100 Education Foundation cum ANTA ‘Sports-All for All’ Charity in Tibet” activity. Cheng Shuang and Zhang Dan, Winter Sports champions, and other renowned athletes visited Wanquan Secondary and Primary School in Dangxiong Country in Lhasa, Tibet and interacted with the students. In order to make the Teacher’s Day a unique one to all teachers and students, the “Sports-All for All” activity featured a “Physical education lesson by Olympic champions”. Champion athletes including Cheng Shuang and Zhang Dan were guest physical education teachers for the students. They taught exercise skills, introduced exercise precautions and played matches with students. The program contributed to sports education development in Tibet by allowing local students to experience and understand the Olympic spirit and the joy of playing sports.



4. Yichang, Hubei Province

We worked together with the Marketing Department of COC to hold “Olympic Athletes Charity in Action—Inheriting the Spirit of the Chinese Women’s Volleyball cum ANTA ‘Sports-All for All’ Charity Program” in Sanmai Stadium in Yichang, Hubei. Teachers and students from Hubei Gezhouba Secondary School, Dangyang First Secondary School and Yichang Sixth Secondary School met Chinese volleyball legends and Chinese women’s volleyball champions 30 years ago including Shen Sanying, Chen Yaqiong, Liang Yan and Li Yanjun. Athens Olympic volleyball champions, Feng Kun and Song Nina also attended the activity, where they interacted with the students and gave them lessons in volleyball. This visit aimed to instill the “fear nothing, spare no effort” spirit of the Chinese women’s volleyball team in the students, as well as to inspire students to engage in sports and to gain the courage to follow their dreams through the charitable donation and face to face interaction with Olympic champions.

“Charity Hour, Athletes at Service” Program

Our newly launched “Charity Hour, Athletes at Service” program was held at ANTA stores in Haikou, Hainan Province and Maoming, Guangdong Province and so on. We invited athlete celebrities to become salespersons to provide passionate and professional sales service to customers. The total sales being generated in the form of sportswear were donated to local schools. During the year, more than RMB450,000 worth of sportswear was donated through this program to bring the joy of sports to children.

1. Haikou, Hainan Province

Athlete celebrities such as Li Na, Olympic diving champion; Li Na, Olympic fencing champion; Cheng Shuang, world skiing champion; Liu Qihong, world short skating champion; Sui Lu, world gymnastics champion; Li Ke, former China basketball national team player and current basketball commentator on CCTV visited our ANTA store in Haikou to act as salespersons and explained the functions and features of ANTA sportswear and safe exercise precautions to consumers.

2. Maoming, Guangdong Province

Li Na, Olympic diving champion; Luo Wei, Olympic taekwondo champion; Cheng Shuang, world skiing champion; Liu Qihong, world short skating champion; Zhang Doudou, renowned artistic gymnast; and Huo Nan, former China basketball national team player and current basketball commentator on CCTV became “athlete salespersons” at the ANTA store in Maoming to provide passionate and professional sales service to consumers.

Enhancing the Development of Various Types of Sports in China

1. Running

We aimed to integrate green and healthy running exercise into people’s daily lives. Sponsoring the Olympic Day Run for the seventh consecutive year, the event attracted more than 80,000 running enthusiasts from 11 cities including Beijing, Xiamen and Chengdu, etc., to participate in the running activity. Together with Olympic gymnastics champions Zou Kai and Zhang Chenglong, world gymnastics champion Huang Huidan as well as other renowned athletes, we integrated Olympics Day Run with our online marketing campaign “RUN WITH ME” running strategy in order to inspire more people to make running a habit. Moreover, we also sponsored 2015 Chengde International Half Marathon to support its theme



“Go Green”. Being an outfit sponsor for the event, we served the runners by providing tailor-made and personalised official competition outfits. To encourage more people to engage in physically activity by way of running, our running endorser, Chen Penbin also joined these events wearing our “Challenge 100” supreme functional running shoes.

2. Basketball

We actively promoted the development of basketball and raising the skill levels of young basketball players in China. During the “ANTA-endorsed Star Players’ China Tour”, three of our NBA basketball endorsers, Luis Scola, Rajon Rondo and Klay Thompson participated in different activities respectively, with the aim of teaching basketball skills and tactical analysis to young players. Rajon Rondo continued to take part in our “Ball Control Training Camp”, he shared his point guard techniques with young people, and helped them improve basic skills such as layups, mid-range shots, dribble moves and defensive reactions.

During the ANTA University Basketball Association (AUBA) 2015 season, we leveraged NBA resources and invited NBA legendary players and coaches to visit universities to teach basketball skills and share their basketball stories. Former NBA players Cedric Z. Ceballos and Daniel Gregg joined the “ANTA 2015 Fall NBA on Campus” and “NBA on Campus” events in Yunnan University and Chongqing Medical University. They provided fundamental skills and specific basketball training, demonstrating defensive skills to trainees and played friendly matches with university students.

CORPORATE SOCIAL RESPONSIBILITY REPORT

As a partner of the Women's Chinese Basketball Association (WCBA), we collectively organised the WCBA All-Star Game in Nanjing to raise social awareness of disabled children. For every three pointer or slam dunk scored in the game, we donated RMB5,000 and RMB20,000 worth of sportswear, respectively. We eventually donated a total of RMB205,000 worth of sportswear to the schools for the deaf and other schools in Nanjing in this charity event. We also entered into an alliance with Chinese Basketball Association and Ordos Municipal People's Government, to jointly hold the "Basketball for Hope' ANTA • Chinese Basketball Association Charity Basketball in Ordos" event in Ordos, Inner Mongolia. In order to ignite the basketball interest in the youth of northwest China, famous basketball players, namely Li Yulin, Li Ke, Huo Nan, Xu Nuo, Liu Mingyu and Pan Li, coached teenage players to correct their movements. They demonstrated how to improve shooting accuracy, concluding with a basketball match with the students. Through this event, we donated basketball sportswear to the Ordos Municipal Government to support the development of basketball in the region.



3. Taekwondo

During the year, we joined hands with Champion Fund and Olympic medalist, Wu Jingyu, to initiate the first "Migrant Workers' Children Taekwondo Friendlies" at the taekwondo gym of the Chinese Taekwondo Team Demonstration Group. With the aim of creating a platform to promote communication and physical development for youth from different communities, nearly 100 youngsters in Beijing from ten schools for migrant workers' children and taekwondo gyms participated in the friendlies. Olympic taekwondo champion Wu Jingyu, greeted the children in a video, while another Olympic taekwondo champion, Chen Zhong, coached the young players in person.

4. "Olympic Training Program"

As a strategic partner of the COC, we are committed to promoting sports education related charity events and building an Olympics charity platform. To continually promote the standards for sports in schools, we believe it is necessary for strengthening the teaching standards of physical education teachers in rural areas. In cooperation with the COC and other reputable companies, we organised the "Olympic Training Program" and invited more than 20 physical education teachers to participate in a one-week professional training program that included classes in exercise training, the sociology of physical activity and first aid etc., with the ultimate aim of providing better education to children in China.



ENVIRONMENTAL PROTECTION

We made efforts in protecting the natural resources and sought ways to minimise harm to the environment. Starting from 1 January 2015, an update to the “Environmental Protection Law of the People’s Republic of China” was enacted. The law clarified that every company in China holds an essential role in promoting the sustainable development of resources and environment. Together with the “Law of the People’s Republic of China on Conserving Energy” and other relevant laws, our business strictly complies with environmental regulations and rules while ensuring the highest quality standards in our products. Since 2005, we have held ISO14001 Environmental Management Systems certification for the purpose of formulating environmental management targets, monitoring our emissions and initiating environmental protection-related activities. Having ISO14001 systems certification at both offices and factories helps us address environmental issues and improve our environmental performance. Related analysis is regularly reported to senior management for review and improvement.

We enthusiastically fulfill the responsibilities of environmental conservation. During production, we prefer to use renewable energy and equipment with minimum pollutant emissions. Use of toxic materials are prohibited within our company. In addition to providing the “Chemical Safety Guidelines on Apparel, Footwear and Accessories”, the “Supplier Chemical Safety Handbook”, and providing environmental advice to our major suppliers, we require their acknowledgement that their manufacturing processes and products are eco-friendly and safe. To promote a sense of environmental consciousness, we regularly conduct inspections of our suppliers and encourage them to obtain certifications to allow them to make positive contributions to environmental protection. We also continue to expand our R&D activity so as to introduce eco-friendly materials like DuPont™ Sorona® into our products series.

In terms of regulation, we have set up an internal environmental protection policy, including the “3Rs” environmental strategies, the installation of monitoring equipment and our emergency environmental plan. Our “3Rs” environmental strategies stands for “Reduce, Reuse and Recycle” and focuses on the minimisation of water, electricity and paper usage throughout all of our operational processes. Compared to last year, the total usage of water and electricity in our offices was reduced by 300,000 tons and 2,000,000 kw/h respectively. Save as confidentiality, we utilise double-sided copies and fax papers, reducing more than three tons of paper in the office, evidencing the success in our environmental strategies.

“3Rs” plays not only an important role in reducing costs effectively, but also helps us to avoid adding unnecessary materials into the environment. Through monitoring systems on waste gas, waste water and noise, the pollutants generated from production is discarded through proper drainage systems. We also hired a professional company specialising in toxic waste collection in order to meet stringent emissions standards. To further protect the environment and community, our emergency environmental plans were set up to minimise the likelihood of accidents, emergency situations as well as disruptions to production.



CORPORATE SOCIAL RESPONSIBILITY REPORT

To provide a green workplace, we have controlled resource consumption at operational levels, while strengthening employees' environmental mindset. The introduction of high-efficiency electronic office systems, has provided a convenient work platform as well as reducing operating expenses. We also accelerated the setup of infrastructure of telecommunications in order to arrange different kinds of meeting using teleconference and video conference, resulting in savings in time and resources. Aside from utilising energy-saving light bulbs, we closely monitor energy consumption at our offices and factories as well as making use of natural light. Permission is required for lighting and air conditioning during non-business hours. By limiting the use of company vehicles, we encourage our employees to take public transport to work. Through our rubbish and recycling collections initiatives, water conservation and other environmental policies, we fulfill our mission of conserving the environment, while also improving work efficiencies in production.



HARMONIOUS WORKPLACE

Employees are a crucial part of our long-term strategy, and we aim to develop a harmonious workplace in which employees recognise organisational targets as well as their own roles. Owing to our reputable business operation and performance, we continually attract talents from different backgrounds. We strive to promote gender equality. As at 31 December 2015, we had about 16,700 employees (2014: 14,300 employees) in total, of which 44% were male and 56% were female.

We believe employees are a key element to the success of our business, so we strive to maintain a high staff retention rate. With the aim of ensuring fair and equal protection for all employees, we strictly comply with relevant labour laws, regulations and industry practices - including minimum wages, gender equality, statutory holidays, the prohibition of child labor, as well as enforcing anti-corruption practices. Our Human Resources Department reviews and updates relevant company policies constantly in accordance with the latest laws and regulations. Apart from providing competitive remuneration packages, we also offer a wide range of fringe benefits including staff vouchers, staff discounts, transport services, meal and accommodation subsidies to employees. We also provide free health and mental checks to employees and continue to expand the scope of health assessment for disease prevention.

As a responsible employer, our policies and procedures are in place to ensure the safety and health of employees within the workplace. In addition to requiring our employees to comply with our "Safety Handbook" and "Environmental and Occupational





Health Handbook”, we also teach them practical safety knowledge. Safety education and fire precaution courses are compulsory for every employee to ensure everyone meets the necessary requirements. Our well-trained safety officers frequently conduct monitoring and examination of safety measures to prevent workplace injuries, especially at production lines. During the year, our safety and health measures showed remarkable results, with the work-related injuries ratio (the number of employee injured/total number of employees) of less than 1%. Obtaining the “Occupational Health and Safety Management Systems Certificate” from China Quality Mark Certification Group proves that our products, manufacturing processes and sales management fulfill the relevant safety standards and requirements.

We also endeavor to support self-enhancement of our employees, as well as identifying their hidden potentials, which promotes higher productivity in return. Therefore, we have organised tailored training sessions and seminars as well as education subsidies to qualified employees. Following our “keep moving” spirit, employees working in both offices and factories underwent training during the year, and more than half of the employees from both factories and offices participated in team building workshops, technical training sessions, safety courses and retail training camps this year. New graduates undertake a 60-day mentoring programme that includes coaching by experienced colleagues, from orientation and tuition to on-the-job training. This programme is useful for building cohesion within us, by providing new graduates with professional job knowledge and advice in a short period of time. Other highlighted programmes, “Champion Intelligent” and

“Class for Vice President”, were offered to officer to managerial levels and vice presidents respectively, for the purposes of cultivating talented employees to take up important future positions through sharing sessions and comprehensive training courses. The “Class for President” was designed in cooperation with Xiamen University. These training sessions proved to be beneficial for our employees in adopting professional knowledge and improving efficiency in processes, ultimately increasing their job satisfaction and morale. In addition, we implemented a fair and transparent performance evaluation system to reward employees for their work contributions. In order to reward good employee performances, we promote employees through internal evaluations. The news of their promotion is announced publicly within us to share the good news of their achievements and to serve as motivation for other employees.

As a branded sportswear company, we understand the importance of a harmonious work culture. Our internal monthly newsletter, “ANTA Youth”, provides the latest updates on ANTA news so as to deepen our employees’ sense of attachment. We provide sports and leisure amenities such as tennis and basketball courts, leisure centers and gymnastics facilities for our staff to promote a sporting atmosphere. During the year, we set up ANTA running teams at Xiamen, Jinjiang and Henan. With routine training and competitions, it effectively promotes the importance of a healthy life, as well as improving work morale and productivity. Fulfilling our “RUN WITH ME” running strategies, our teams also participated actively in the 29th Olympic Day Run in different cities. ANTA ABA League, a basketball league organised for our staff, has been running for 11 years. This year, our basketball endorser, Klay Thompson, was a special guest during his China tour. He delivered a speech and hosted the opening tip-off of a game, allowing our staff to experience his shooting skills. Other activities include birthday parties, annual dinners, singing contests and other outings, generating staff enthusiasm towards us. We also set up our own “Love Charities Foundation” to sponsor medical expenses for sick employees or their relatives.



CORPORATE SOCIAL RESPONSIBILITY REPORT

EFFECTIVE MANAGEMENT OF RELATIONSHIPS WITH STAKEHOLDERS

Good corporate governance mechanisms require stable relationships with our suppliers, distributors, franchisees, customers, shareholders and other stakeholders. We believe every stakeholder hold the key to our financial and operating performance, and more importantly, business success. Through effective communication and cooperation with stakeholders, we have incorporated corporate governance principles into our business, including applying, enforcing and reviewing a wide range of appropriate policies and practices. Maintaining relationships with our stakeholders is not only a valuable intangible asset to us, but also helps all parties to comply with our code of business ethics, achieving win-win outcomes.

Relationship with Suppliers

We established a supplier workflow management system to ensure high-quality production. Ranging from exploration, identification and evaluation of potential suppliers, we conduct comprehensive investigations in choosing our suppliers meticulously. We establish stringent rules on assessing suppliers, supported by yearly CSR reviews to ensure the performances of suppliers and their products meet our strict standards. Satisfactory suppliers will be given complimentary rewards, while substandard suppliers will be given chances to improve before being eliminated. Our R&D and quality control departments provide advice and support on optimising their workflow and enhancing their management, operational and R&D capabilities, resulting in strengthening their overall operation and profitability. We also require suppliers to comply with relevant laws and regulations to ensure a safe workplace. Our long term collaboration with qualified suppliers enables us to produce reliable and premium products of apparel, shoes and accessories collectively, which are beneficial for the public.

Relationship with Distributors and Franchisees

Distributors and franchisees are indispensable front-runners to our business. Our sustained growth is attributed to our long term successful cooperation with distributors and franchisees. Other than providing them constant training and guidance on inventory control, we also collect real-time operational data through our ERP system to facilitate responsiveness to satisfy the needs of consumers in a short period of time. To enhance their operational



effectiveness and profitability, we not only provide retail data analysis and updated market insights, but also competent support with product training, information and resources sharing, as well as the latest marketing display equipment.

Relationship with Consumers

Regarding ourselves as a retail company, the interests of our consumers are a top priority. To ensure continuous improvement of the quality of products and services, we regularly conduct internal and external market surveys to interact with consumers and to gain market insights and feedback. We also have strict data protection policies on ANTA and FILA membership systems. After purchasing our products, consumers can choose one of the ways if they are dissatisfied with the product quality in seven days through our "Repair, Exchange and Return" policy. Together with our customer service hotline, feedback is immediately communicated to our distributors and handled within three working days. All of these measures strengthen our product offerings and service quality, and consequently allow us to stay competitive in the market.

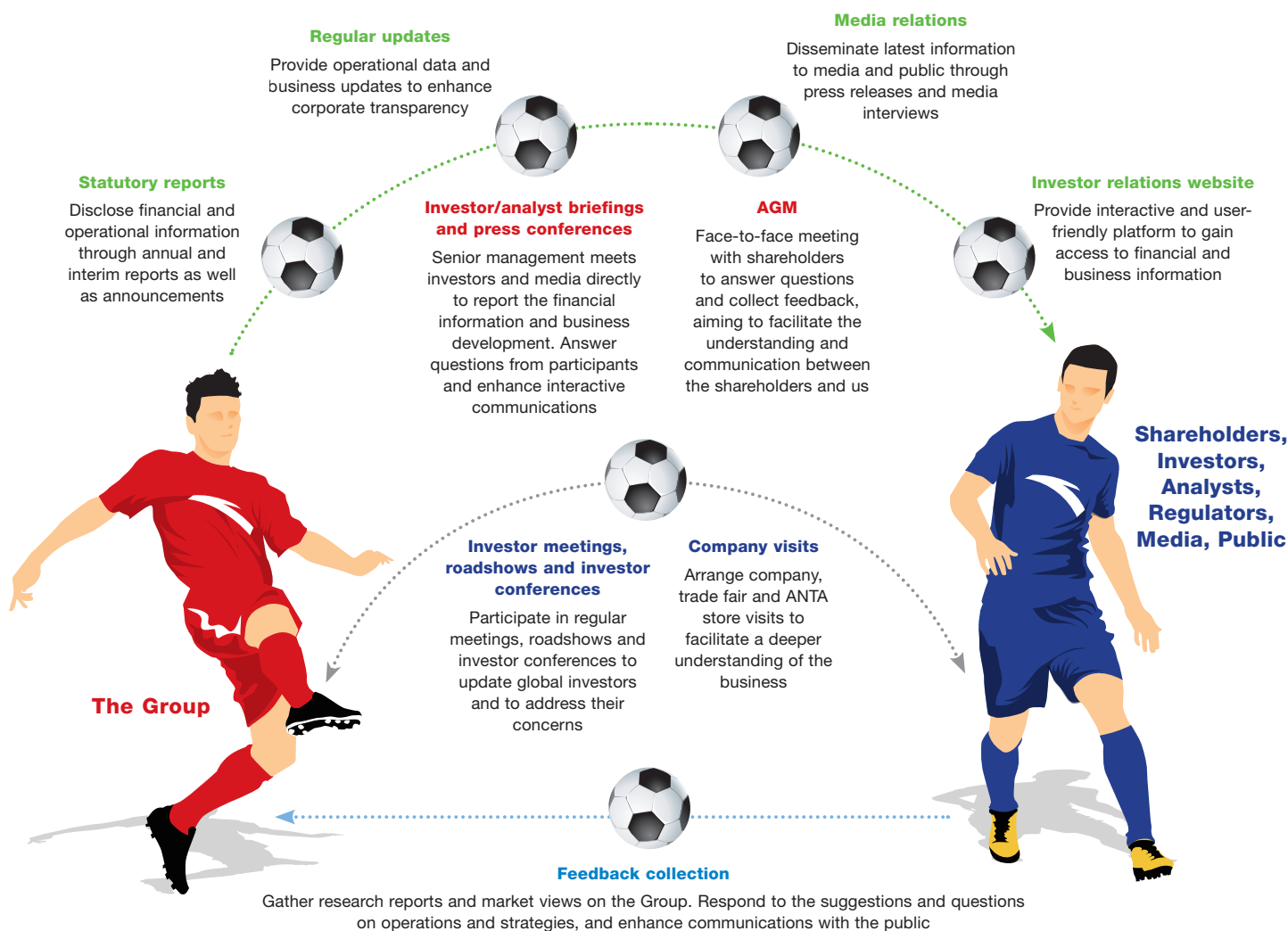
Relationship with Investors and Public

The advice we receive from investors provide strong support to our business improvement. We believe effective communication and accurate information disclosure builds investor confidence, and also facilitates the flow of constructive feedback and ideas that are beneficial for our investor relations and future corporate development. Besides annual reports, interim reports and announcements, we facilitate our communication between shareholders by explaining financial and operational information through conference calls, meetings and roadshows. Company visits, trade fairs, store visits and other events also deepen their understanding of our business.

Through our user-friendly brand and investor relations websites (<http://www.anta.com> and <http://ir.anta.com>), we not only publish our financial results on time, but also instantly upload a wide range of relevant information onto our investor relations website

such as press releases, announcements and live webcast presentations for interim and annual results etc. With an aim of enhancing information accessibility and efficiency, the mobile version of our investor relations website (<http://m.ir.anta.com>) and online social media platforms provide additional convenient channels of information for online users. During the year, we were honored with two awards, including “Best Investor Relations Company” and “Best Investor Relations Professional” at the “Asian Excellence Awards 2015” organised by Corporate Governance Asia magazine. In addition, we won the “Best Investor Relations Company - Mid Cap” and “Best Investor Relations Presentation Collaterals - Mid Cap” at the inaugural “Hong Kong Investor Relations Association Investor Relations Awards” which demonstrated investors’ recognition of our continuous pursuit of excellence and commitment to best practices in investor relations. Furthermore, our outstanding 2014 Annual Report was given an “Honourable Mention” at the Hong Kong Management Association’s Best Annual Report Awards 2015.

Interactions between the Group and the Investing Public



GOAL!



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2015.

Principal Place of Business

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its registered office at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong. The Group's principal place of business is in the PRC.

Principal Activities and Business Review

The principal activities of the Group are the manufacturing, trading and distribution of sporting goods, including footwear, apparel and accessories, in the PRC. The principal activities and other particulars of the subsidiaries are set out on pages 133 to 135 of the annual report.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis and Corporate Social Responsibility Report as set out on pages 18 to 67 of the annual report. These discussions form part of this directors' report.

The analysis of the principal activities of the Group during the financial year are set out in note 1 to the financial statements.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	2015		2014	
	Percentage of the Group's total		Percentage of the Group's total	
	Sales	Purchases	Sales	Purchases
The largest customer	4.6%		4.7%	
Five largest customers in aggregate	19.8%		19.2%	
The largest supplier		5.1%		5.2%
Five largest suppliers in aggregate		21.6%		22.5%

At no time during the financial year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 8 and 9 of the annual report.

Financial Statements

The profit of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 89 to 135 of the annual report.

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB2,040,573,000 (2014: RMB1,700,310,000) have been transferred to the reserves. Other movements in reserves are set out in note 26 to the financial statements.

An interim dividend of HK30 cents per ordinary share (2014: HK25 cents per ordinary share) was paid on 2 September 2015. The Directors now recommend the payment of a final dividend of HK30 cents per ordinary share (2014: HK28 cents per ordinary share) and a special dividend of HK8 cents per ordinary share (2014: HK8 cents per ordinary share) in respect of the year ended 31 December 2015.

REPORT OF THE DIRECTORS

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB3,012,000 (2014: RMB3,021,000).

Non-current Assets

Details of acquisitions and other movements in non-current assets (including property, plant and equipment, construction in progress, lease prepayments and intangible assets) during the financial year are set out in notes 10 to 13 to the financial statements.

Bank Loans and Bills Payable

Particulars of bank loans and bills payable of the Group as at 31 December 2015 are set out in notes 20 and 21 to the financial statements respectively.

Share Capital

Details of the movements in share capital of the Company during the financial year are set out in note 25 to the financial statements.

Purchases, Sales and Redemptions of Listed Securities

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the financial year.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as the acquisition of a subsidiary as set out in note 31 to the financial statements, there were no material acquisitions and disposals of subsidiaries and associated companies during the financial year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company is incorporated.

Directors

The Directors during the financial year were:

Executive Directors

Mr. Ding Shizhong (*Chairman*) (*RC*)
Mr. Ding Shijia (*Deputy Chairman*)
Mr. Lai Shixian (*NC, RMC*)
Mr. Wang Wenmo
Mr. Wu Yonghua
Mr. Zheng Jie

Independent Non-Executive Directors

Mr. Yeung Chi Tat (*AC, NC, RMC*)
Mr. Lu Hong Te (*AC, RC, NC*)
Mr. Dai Zhongchuan (*AC, RC, RMC*)

AC: Audit Committee
RC: Remuneration Committee
NC: Nomination Committee
RMC: Risk Management Committee

Details of the Directors' biographies have been set out on pages 86 and 87 of the annual report.

In accordance with article 87 of the Company's articles of association, Mr. Ding Shizhong, Mr. Zheng Jie and Mr. Dai Zhongchuan will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

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

None of the Directors, including those proposed for re-election at the forthcoming AGM, has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than statutory compensation.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2015, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in Shares and underlying Shares and associated corporations

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of Shares interested	Number of underlying Shares interested ⁽²⁾	Approximate percentage of interest in such corporation ⁽¹⁾
Mr. Ding Shizhong	Company	Founder of a discretionary trust	1,383,071,000 (L) ⁽³⁾	–	55.30%
	Anta International	Founder of a discretionary trust	4,144 (L) ⁽³⁾	–	41.44%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,374,625,000 (L) ⁽⁴⁾	–	54.96%
	Anta International	Founder of a discretionary trust	4,084 (L) ⁽⁴⁾	–	40.84%
Mr. Lai Shixian	Company	Interest of spouse	160,875,000 (L) ⁽⁵⁾	–	6.43%
	Company	Beneficial owner	–	5,250,000 (L)	0.21%
Mr. Wang Wenmo	Anta International	Founder of a discretionary trust	1,141 (L) ⁽⁶⁾	–	11.41%
Mr. Wu Yonghua	Anta International	Founder of a discretionary trust	601 (L) ⁽⁷⁾	–	6.01%
Mr. Zheng Jie	Company	Beneficial owner	300,000 (L)	–	0.01%
	Company	Beneficial owner	–	400,000 (L)	0.02%

(L) — Long Position

Notes:

- (1) As at 31 December 2015, the number of outstanding ordinary shares of the Company and of Anta International were 2,501,121,100 and 10,000 respectively.
- (2) The interests in underlying Shares represent the interests in share options granted pursuant to the Company's share option schemes, details of which are set out in the section entitled "Share Option Schemes" below.
- (3) 1,373,625,000 Shares were held through Anta International, an associated corporation, representing 54.92% of the issued Shares as at 31 December 2015, and 9,446,000 Shares were held through Shine Well (Far East) Limited ("Shine Well") directly. Shine Well is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Shine Well is held by Top Bright Assets Limited. The entire issued share capital of Top Bright Assets Limited is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are family members of Mr. Ding Shizhong. Mr. Ding Shizhong as founder of the DSZ Family Trust is deemed to be interested in the Shares held by Anta International and Shine Well and 4,144 shares of Anta International held by Shine Well.

REPORT OF THE DIRECTORS

- (4) 1,373,625,000 Shares were held through Anta International, representing held 54.92% of the issued Shares as at 31 December 2015, and 1,000,000 Shares were held through Talent Trend Investment Limited ("Talent Trend") directly. Talent Trend is entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Anta International and therefore is deemed to be interested in all the Shares held by Anta International. The entire issued share capital of Talent Trend is held by Allwealth Assets Limited. The entire issued share capital of Allwealth Assets Limited is in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust is an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are family members of Mr. Ding Shijia. Mr. Ding Shijia as founder of the DSJ Family Trust is deemed to be interested in the Shares held by Anta International and Talent Trend and 4,084 shares of Anta International held by Talent Trend.
- (5) The interests of Mr. Lai Shixian in the Company are held through Anda Holdings, which holds 160,875,000 Shares, representing 6.43% of the issued Shares as at 31 December 2015. Spring Star Assets Limited holds the entire issued share capital of Anda Holdings, which is in turn held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust is an irrevocable discretionary trust set up by Mr. Lai Shixian's spouse, Ms. Ding Yali, as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust are issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust is deemed to be interested in the Shares held by Anda Holdings and Mr. Lai Shixian is also deemed under the SFO to be interested in the interests of his spouse, Ms. Ding Yali.
- (6) The interests of Mr. Wang Wenmo in Anta International are held through Fair Billion Development Limited, which holds 1,141 shares of Anta International, representing 11.41% of the issued share capital of Anta International as at 31 December 2015. The entire issued share capital of Fair Billion Development Limited is held by Asia Bridges Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WWM Family Trust. The WWM Family Trust is an irrevocable discretionary trust set up by Mr. Wang Wenmo as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WWM Family Trust are family members of Mr. Wang Wenmo. Mr. Wang Wenmo as founder of the WWM Family Trust is deemed to be interested in the 1,141 shares of Anta International held by Fair Billion Development Limited.
- (7) The interests of Mr. Wu Yonghua in Anta International are held through Spread Wah International Limited, which holds 601 shares of Anta International, representing 6.01% of the issued share capital of Anta International as at 31 December 2015. The entire issued share capital of Spread Wah International Limited is held by Allbright Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust is an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust are family members of Mr. Wu Yonghua. Mr. Wu Yonghua as founder of the WYH Family Trust is deemed to be interested in the 601 shares of Anta International held by Spread Wah International Limited.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2015, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Interests in Shares/underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company
HSBC Trustee	Trustee (other than a bare trustee) ⁽¹⁾	1,660,446,000 (L)	66.39%
Anta International	Beneficial owner	1,373,625,000 (L)	54.92%
Allwealth Assets Limited	Interest in controlled corporation ⁽¹⁾	1,374,625,000 (L)	54.96%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,373,625,000 (L)	54.92%
Talent Trend	Beneficial owner ⁽¹⁾	9,446,000 (L)	0.38%
	Interest in controlled corporation ⁽¹⁾	1,373,625,000 (L)	54.92%
	Beneficial owner ⁽¹⁾	1,000,000 (L)	0.04%
Top Bright Assets Limited	Interest in controlled corporation ⁽¹⁾	1,383,071,000 (L)	55.30%
Anda Holdings	Beneficial owner	160,875,000 (L)	6.43%
Ms. Ding Yali	Founder of a discretionary trust ⁽²⁾	160,875,000 (L)	6.43%
	Interest of spouse ⁽³⁾	5,250,000 (L)	0.21%
Spring Star Assets Limited	Interest in controlled corporation ⁽²⁾	160,875,000 (L)	6.43%

(L) — Long Position

Notes:

- (1) The interests of HSBC Trustee in the Company are held through Anta International, Anda Holdings, Anda Investments, Shine Well and Talent Trend, representing approximately 54.92%, 6.43%, 4.62%, 0.38% and 0.04% of the issued Shares, respectively.

HSBC Trustee was the trustee of the DSZ Family Trust and the DSJ Family Trusts and it held the entire issued share capital of Top Bright Assets Limited and Allwealth Assets Limited, which in turn held the entire issued share capital of Shine Well and Talent Trend, respectively. Each of Shine Well and Talent Trend was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anta International and therefore each of them was deemed to be interested in all the 1,373,625,000 Shares held by Anta International. Accordingly, HSBC Trustee, Top Bright Assets Limited, Allwealth Assets Limited, Shine Well and Talent Trend were indirectly interested in the 1,373,625,000 Shares held by Anta International. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright Assets Limited were also deemed to be interested in the 9,446,000 Shares held by Shine Well. 1,000,000 Shares were held by Talent Trend directly. Accordingly, HSBC Trustee and Allwealth Assets Limited were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

HSBC Trustee was the trustee of the DYL Family Trust and it held the entire issued share capital of Spring Star Assets Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings. Accordingly, HSBC Trustee and Spring Star Assets Limited were deemed to be interested in the 160,875,000 Shares held by Anda Holdings.

HSBC Trustee was the trustee of the DHM Family Trust and it held the entire issued share capital of Sackful Gold Limited, which in turn was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Investments. Accordingly, HSBC Trustee and Sackful Gold Limited were deemed to be interested in the 115,500,000 Shares held by Anda Investments.

- (2) Spring Star Assets Limited was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anda Holdings and therefore was deemed to be interested in all the 160,875,000 Shares held by Anda Holdings.

The entire issued share capital of Spring Star Assets Limited was held by HSBC Trustee acting as the trustee of the DYL Family Trust. The DYL Family Trust was an irrevocable discretionary trust set up by Ms. Ding Yali as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DYL Family Trust were issue of Ms. Ding Yali. Ms. Ding Yali as founder of the DYL Family Trust was deemed to be interested in the 160,875,000 Shares held by Spring Star Assets Limited.

- (3) Ms. Ding Yali was deemed under the SFO to be interested in the 5,250,000 underlying Shares of her spouse. Mr. Lai Shixian, an Executive Director of the Company, which may be issued to Mr. Lai Shixian upon exercise of options granted to Mr. Lai Shixian under the Pre-IPO share option scheme, details of which are set out in the section entitled "Share Option Schemes" below.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other person or corporation having an interest or short positions in Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 30 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) ("connected persons") and the Group have been entered into and are ongoing for which relevant disclosure had been made by the Company in the announcements of the Company issued on 11 January 2013, 2 July 2013 and 11 February 2015.

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

On 11 January 2013, ANTA China and Quanzhou Anda entered into an agreement to renew the existing packaging material supply arrangement ("Packaging Material Supply Agreement") for a term of 3 years from 1 January 2013 to 31 December 2015 in relation to the supply of paper packaging materials, including but not limited to, cardboard cases, paper bags and shoe boxes, from Quanzhou Anda to the Group from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third parties.

Under the Packaging Material Supply Agreement, the prices for paper packaging materials shall be agreed in arm's length negotiation between Quanzhou Anda and the Group from time to time, and shall be comparable to and no less favourable than market prices of similar paper packaging materials offered by independent suppliers to the Group. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent suppliers of similar paper packaging materials to the Group.

Quanzhou Anda is an associate of Mr. Ding Shizhong and Mr. Lai Shixian (both of them are Executive Directors of the Company) respectively under Rule 14A.12 of the Listing Rules and is therefore a connected person of the Company. The transactions under the Packaging Material Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, the Group's purchase of paper packaging materials from Quanzhou Anda amounted to RMB47,144,000.

REPORT OF THE DIRECTORS

2. Master Services Agreement with Mr. Ding Shijia

On 2 July 2013, the Company entered into an agreement with Mr. Ding Shijia (for and on behalf of certain entities) for a term of 2.5 years from 2 July 2013 to 31 December 2015 for the provision of certain services by those entities to the Group (“Master Services Agreement”). Those entities are entities or corporations which are directly or indirectly controlled by Mr. Ding Shijia and/or collectively with his associates (including without limitation his family members and or close relatives) or in which any of the above persons had an interest (“Relevant Entities”), and those services are the leasing of land and properties (including leases of land, factory premises, warehouses, staff quarters and offices), and provision of warehouse management services and logistic services by the Relevant Entities to the Group subject to the terms and conditions of the Master Services Agreement (“Relevant Services”).

Under the Master Services Agreement, the Relevant Entities shall provide the Relevant Services to the Group, as may be required by the Group from time to time during the term of the Master Services Agreement, at prevailing market price which reference to the nature of the relevant land and properties and the scope of the Relevant Services provided to the Group by the Relevant Entities (including location and area of the property, ancillary facilities and equipment, and transportation network). The service fees for the Relevant Services shall be agreed and determined on arm’s length basis between the relevant member companies of the Group and the Relevant Entities from time to time, which shall be comparable to and no less favourable than (i) the fair market rent or market prices of similar Relevant Services offered by independent third parties suppliers to the Group; and (ii) the service fees of similar Relevant Services provided by the Relevant Entities to third parties other than the Group. The general credit period shall be 30 to 60 days, or such other credit period as agreed in the specific lease agreement or service contract ancillary to the Master Services Agreement.

Mr. Ding Shijia (an Executive Director and a substantial shareholder of the Company) is a connected person of the Company. The Relevant Entities, being companies controlled by Mr. Ding Shijia, his family members and/or and close relatives, are associates of Mr. Ding Shijia under Rule 14A.12 of the Listing Rules, and are therefore connected persons of the Company. The transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the financial year, service fees for the provision of Relevant Services to the Group by Mr. Ding Shijia (for and on behalf of the Relevant Entities) amounted to RMB13,572,000.

The Directors (including the Independent Non-Executive Directors) have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreements governing them on terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Listing Rule 14A.56. A copy of the auditor’s letter has been provided by the Company to Hong Kong Stock Exchange.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Directors’ Interests in Transactions, Arrangements or Contracts

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

Directors' Remuneration

The Company's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the remuneration packages of each Director, market rates and factors such as each Director's workload and required commitment will be taken into account. In addition, factors comprising economic and market situations, individual contributions to the Group's results and development as well as individual's potential are considered when determining the remuneration packages of Executive Directors.

Arrangements to Purchase Shares or Debentures

Save as disclosed under the section entitled "Share Option Schemes" below, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

Competing Business

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

Each of the Controlling Shareholders (as defined in the prospectus of the Company issued on 26 June 2007 (the "Prospectus")) has confirmed to the Company of his/her compliance with the non-compete undertakings provided to the Company under the Non-competition Deed (as defined in the Prospectus). The Directors (including the Independent Non-Executive Directors) have reviewed the status of compliance and also confirmed that all the undertakings under the Non-competition Deed have been complied with by the Controlling Shareholders.

Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in note 22 to the financial statements.

Share Option Schemes

(a) Pre-IPO Share Option Scheme

Pursuant to the shareholders' written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme. The purpose of the Pre-IPO share option scheme is to give the employees of the Group an opportunity to have a personal stake in the Company and help motivate employees to optimise their performance and efficiency, and also to retain employees whose contributions are important to the long-term growth and profitability of the Group.

Under the Pre-IPO share option scheme, 16,000,000 options were granted on 12 June 2007. A Director and 37 employees of the Group were given the rights to subscribe for shares of the Company at a consideration of HK\$1.00 for the grant of options. The exercise price per Share pursuant to the Pre-IPO share option scheme was determined at 20% discount to the global offering price. Each option granted under the Pre-IPO share option scheme has vesting periods of 1 year to 3 years commencing from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange ("Listing Date"). The Group has no legal or constructive obligation to repurchase or settle any of these options in cash. No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the issued Shares from time to time.

No further options were granted under the Pre-IPO share option scheme on or after the Listing Date.

The Pre-IPO share option scheme shall be valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007.

As at 31 December 2015, the total number of Shares which may be issued upon the exercise of all outstanding options granted under the Pre-IPO share option scheme is 6,281,000, representing 0.25% of the issued Shares.

REPORT OF THE DIRECTORS

The options outstanding under the Pre-IPO share option scheme during the financial year were as follow:

Name or category of participant	Number of options					As at 31 December 2015	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					
Director										
Mr. LAI Shixian	1,575,000	-	-	-	-	1,575,000	HK\$4.224	12 June 2007	1 year from the Listing Date	10 July 2008 to 10 June 2017
	1,575,000	-	-	-	-	1,575,000	HK\$4.224	12 June 2007	2 years from the Listing Date	10 July 2009 to 10 June 2017
	2,100,000	-	-	-	-	2,100,000	HK\$4.224	12 June 2007	3 years from the Listing Date	10 July 2010 to 10 June 2017
	5,250,000	-	-	-	-	5,250,000				
Other employees (including ex-employees)										
In aggregate	210,000	-	(60,000) ⁽¹⁾	-	-	150,000	HK\$4.224	12 June 2007	1 year from the Listing Date	10 July 2008 to 10 June 2017
	272,000	-	(216,000) ⁽²⁾	-	-	56,000	HK\$4.224	12 June 2007	2 years from the Listing Date	10 July 2009 to 10 June 2017
	1,949,000	-	(1,124,000) ⁽³⁾	-	-	825,000	HK\$4.224	12 June 2007	3 years from the Listing Date	10 July 2010 to 10 June 2017
	2,431,000	-	(1,400,000)	-	-	1,031,000				
Total	7,681,000	-	(1,400,000)	-	-	6,281,000				

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$19.10.
- (2) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$18.68.
- (3) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$18.79.

(b) Share Option Scheme

The Company has adopted a share option scheme ("Share Option Scheme") pursuant to the shareholders's written resolution passed on 11 June 2007. The purpose of the Share Option Scheme is to motivate Eligible Persons (as defined below) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

- (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("Employee"), any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group ("Executive");
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a direct or indirect shareholder of any member of the Group;
- (d) a supplier of goods or services to any member of the Group;

- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (g) an associate of any of the foregoing persons.

(the persons referred above are the “Eligible Persons”)

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the adoption date to offer the grant of an option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date.

An offer of the grant of an option shall remain open for acceptance by the Eligible Persons for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.0 by way of consideration for the grant thereof is received by the Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

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

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

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption of the scheme on 11 June 2007.

As at 31 December 2015, the total number of Shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme is 6,434,900, representing 0.26% of the issued Shares.

REPORT OF THE DIRECTORS

The options outstanding under the Share Option Scheme during the financial year were as follow:

Name or category of participant	Number of options					As at 31 December 2015	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					
Director										
Mr. Zheng Jie	400,000	-	-	-	-	400,000	HK\$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	400,000	-	-	-	-	400,000				
Other employees (including ex-employees)										
In aggregate	8,824,000	-	(2,789,100) ⁽¹⁾	-	-	6,034,900	HK\$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	8,824,000	-	(2,789,100)	-	-	6,034,900				
Total	9,224,000	-	(2,789,100)	-	-	6,434,900				

Notes:

(1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$19.84.

Corporate Governance

In respect of the year ended 31 December 2015, save as disclosed in the Corporate Governance Report on pages 79 to 85 of the annual report, all the code provisions set out in the Code (as defined in the Corporate Governance Report) were met by the Company.

Confirmation of Independence

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-Executive Directors to be independent.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2015 and at any time up to the latest practicable date.

Auditors

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

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 23 February 2016

CORPORATE GOVERNANCE REPORT

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

Save as disclosed below, the Company complied with the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules (the “Code”) during the financial year. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

(A) The Board of Directors

The overall management of the Company’s operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. Currently, the Board comprises 9 Directors, including 6 Executive Directors and 3 Independent Non-Executive Directors:

Executive Directors

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

Independent Non-Executive Directors

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

Their biographical details and relationships (some of the Directors are related to each other) are set out in the section entitled “Directors and Senior Management” in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group’s businesses to the Executive Directors, senior management and certain specific responsibilities to the Board committees.

Compliance with the Model Code for Directors’ Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code during the financial year.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. During the financial year, the roles of the Chairman and the Chief Executive Officer are performed by Mr. Ding Shizhong. With Mr. Ding’s extensive experience in sportswear consumer markets, he is responsible for the overall strategic planning and business development of the Group. The Board considers that vesting both of the roles of Chairman and Chief Executive Officer with Mr. Ding is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises 6 Executive Directors and 3 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

CORPORATE GOVERNANCE REPORT

Appointments, Re-election and Removal of Directors

Each of the Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to his re-appointment by the Company at an AGM upon retirement. The articles of association of the Company provide that any Director appointed by the Board, (i) to fill a casual vacancy in the Board, shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting and (ii) as an addition to the Board shall hold office until the next AGM of the Company and shall then be eligible for re-election.

Independent Non-Executive Directors

Independent Non-Executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The Board also considers that Independent Non-Executive Directors can provide independent advice on the Company's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

All of the Independent Non-Executive Directors are appointed for a term of 3 years and are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Board Diversity Policy

The Board adopted the board diversity policy ("Board Diversity Policy") in accordance with the requirement set out in the Codes. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

During the financial year, the Directors participated in the following trainings:

	Types of Training
<i>Executive Directors</i>	
Mr. Ding Shizhong	B
Mr. Ding Shijia	B
Mr. Lai Shixian	B
Mr. Wang Wenmo	B
Mr. Wu Yonghua	A, B
Mr. Zheng Jie	B
<i>Independent Non-Executive Directors</i>	
Mr. Yeung Chi Tat	A, B
Mr. Lu Hong Te	A, B
Mr. Dai Zhongchuan	B

A: attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics

B: reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.

Board Committees

The Board has established Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (collectively “Board Committees”) with defined terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and Hong Kong Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

Audit Committee

The Audit Committee is responsible for ensuring the establishment and compliance with the internal control system of the Company, the compliance with the applicable accounting principles and practices, any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed, and liaison among shareholders, management, certified independent auditors and internal auditors of the Group, etc. The Audit Committee meets regularly with the Company’s external auditors to discuss the audit process and accounting issues (and in the absence of management if appropriate). The terms of reference of the Audit Committee are in line with the code provisions of the Code. Currently, members of the Audit Committee comprise Mr. Yeung Chi Tat (chairman), Mr. Lu Hong Te and Mr. Dai Zhongchuan, all of whom are Independent Non-Executive Directors.

To comply with the requirements under the Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities to the Audit Committee to develop, review and monitor the policies and practices on corporate governance of the Group and make recommendations to the Board, to review and monitor the Company’s policies and practices on the legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company’s compliance with the Code and disclosures in the corporate governance report.

During the the financial year, the Audit Committee considered the annual results of the Group for the year ended 31 December 2014 and the interim results of the Group for the 6 months ended 30 June 2015 as well as the reports prepared by the external auditors relating to 2015 annual audit and interim review plans and accounting and internal control issues and major findings in the course of audit/review. In addition, it reviewed the Company’s compliance with the Code and the regulatory and statutory requirements, and the disclosure in this Corporate Governance Report.

Remuneration Committee

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company’s policy and structure for remuneration of all directors of the Company and senior management of the Group and other matters relating to remuneration. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable. The terms of reference of the Remuneration Committee are in line with the code provisions of the Code. Currently, members of the Remuneration Committee comprise Mr. Lu Hong Te (chairman), Mr. Dai Zhongchuan, both being Independent Non-Executive Directors, and Mr. Ding Shizhong, an Executive Director.

During the the financial year, the Remuneration Committee reviewed the remuneration packages of the Executive Directors and senior management for the year ended 31 December 2014 and the remuneration packages for the renewal of Director’s contracts.

Nomination Committee

The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The Nomination Committee also reviews the structure, size and composition of the Board and assesses the independence of the Independent Non-Executive Directors. The terms of reference of the Nomination Committee are in line with the code provisions of the Code. Currently, members of the Nomination Committee comprise Mr. Lu Hong Te (chairman), Mr. Yeung Chi Tat, both being Independent Non-Executive Directors, and Mr. Lai Shixian, an Executive Director.

During the financial year, the Nomination Committee reviewed the structure, size and diversity of the Board, reviewed the existing Board Diversity Policy and the implementation, assessed the independence of Independent Non-Executive Directors and the annual confirmations on their independence, reviewed the re-appointment of Directors who retired from office by rotation at the past AGM and offered themselves for re-election and reviewed the renewal of Director’s contracts.

CORPORATE GOVERNANCE REPORT

Risk Management Committee

The Risk Management Committee was newly set up during the financial year and is responsible for assisting the Board to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and assisting the Board to oversee management in the design, implementation and monitoring of the risk management and internal control systems. Currently, members of the Risk Management Committee comprise Mr. Yeung Chi Tat (chairman), Mr. Dai Zhongchuan, both being Independent Non-Executive Directors, and Mr. Lai Shixian, an Executive Director.

During the financial year, the Risk Management Committee reviewed the internal audit reports and findings of substantial contract review provided by the internal audit team mentioned below. The annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2015 has been conducted, details of which are set out in the section entitled "(B) Financial Reporting, Risk Management and Internal Control" below.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operational and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The attendance of individual Directors and the Company Secretary at these meetings is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting
No. of meetings held for the year ended 31 December 2015	7	2	2	2	3
<i>Executive Directors</i>					
Mr. Ding Shizhong	4*	N/A	2	N/A	N/A
Mr. Ding Shijia	4*	N/A	N/A	N/A	N/A
Mr. Lai Shixian	4*	N/A	N/A	2	3
Mr. Wang Wenmo	4*	N/A	N/A	N/A	N/A
Mr. Wu Yonghua	7	N/A	N/A	N/A	N/A
Mr. Zheng Jie	7	N/A	N/A	N/A	2
<i>Independent Non-Executive Directors</i>					
Mr. Yeung Chi Tat	7	2	N/A	2	3
Mr. Lu Hong Te	7	2	2	2	N/A
Mr. Dai Zhongchuan	7	2	1*	N/A	3
<i>Company Secretary</i>					
Mr. Ling Shing Ping	7	2	2	2	3

* Those Directors were considered to have material interest on the matters discussed in the Board meetings and therefore abstained from voting at the meetings.

All Directors are provided with relevant materials relating to the matters brought before the meetings at least 3 days in advance. All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Reasonable notices of Board meetings are given to the Directors, and the Board's procedures comply with the articles of association of the Company, as well as relevant rules and regulations.

Conflict of Interest

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

Company Secretary

Mr. Ling Shing Ping, the Company Secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the Company Secretary is set out in the section entitled "Directors and Senior Management" in the annual report.

(B) Financial Reporting, Risk Management and Internal Control

Financial Reporting

The Directors acknowledge their responsibilities for preparing the accounts. The Board, supported by the Chief Financial Officer and the finance department, is responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, the International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The work scope and responsibilities of KPMG, the Company's external auditor, are stated in the section entitled "Independent Auditor's Report" in the annual report.

External Auditor's Remuneration

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

During the financial year, the fee payable to KPMG in respect of its statutory audit services provided to the Company was RMB4,475,000 (2014: RMB4,320,000). Fees for non-audit services for the financial year comprise service charges for the following:

	2015	2014
Review of interim results	RMB850,000	RMB800,000
Tax advisory	RMB271,000	RMB267,000
Risk management and Internal control review (service rendered by KPMG Advisory (China) Limited)	RMB530,000	RMB530,000
Tax Compliance (service rendered by KPMG Services Pte. Ltd.)	SGD1,200	SGD1,200
Other non-audit service	RMB75,000	RMB60,000

Risk Management and Internal Control

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Risk Management Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has provided a confirmation to the Risk Management Committee (and the Board) on the effectiveness of these systems for the year ended 31 December 2015.

Before the establishment of the Risk Management Committee, the Audit Committee performed the duties of risk management and internal control on behalf of the Board. During the financial year, the Board has newly set up the Risk Management Committee and delegated its responsibilities (with relevant authorities) of risk management and internal control to the Risk Management Committee, while the Audit Committee shall still focus on the risk management and internal controls over financial reporting system.

In respect of internal control system, procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

CORPORATE GOVERNANCE REPORT

The Group has engaged KPMG Advisory (China) Limited as internal control review adviser to conduct the annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2015. Such review are conducted annually. The scope of review was previously determined and approved by the Audit Committee on behalf of the Board and was taken over by the Risk Management Committee with effect from 1 January 2016. KPMG Advisory (China) Limited has reported major findings including areas for improvement to the Risk Management Committee. All recommendations from KPMG Advisory (China) Limited are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Group considered that the risk management and internal control systems are effective and adequate.

Internal Audit Function

The Group's internal audit function is performed by an internal audit team, which was previously transferred from the risk management and internal control division under finance department to the Risk Management Committee. The team plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to the Risk Management Committee on a regular basis.

The team conducts internal audit reviews on material controls and compliance with policies and procedures of the Group at both operational and corporate levels. Plans and tools for corrective actions and control improvement are identified and communicated with operations management to address any issues, non-compliance or deficiencies identified. The team monitors the implementation of its recommendations by the operations management and reports the outcome to the Risk Management Committee.

Whistleblowing Policy

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and business partners to raise concerns, in confidence, to the Audit Committee and the Board about possible improprieties relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

Information Disclosure Policy

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

(C) Shareholders' Rights and Communications with Shareholders and Investor Relations

Enquiries to the Board

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their Shares and dividends. The contact details of the Company are set out in the section entitled "Investors Information" in the annual report.

The Company's AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Chairmen of the Board Committees (or any designated members) and the external auditor also attend the AGM to answer questions from shareholders.

Annual General Meeting

AGM proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Voting results are posted on the Group's website on the day of the AGM.

The 2015 AGM was held on 1 April 2015. The attendance record of the Directors and the Company Secretary at the AGM is set out below:

	AGM
<i>Executive Directors</i>	
Mr. Ding Shizhong (<i>Chairman</i>)	1
Mr. Ding Shijia	1
Mr. Lai Shixian	1
Mr. Wang Wenmo	1
Mr. Wu Yonghua	1
Mr. Zheng Jie	1
<i>Independent Non-Executive Directors</i>	
Mr. Yeung Chi Tat	1
Mr. Lu Hong Te	1
Mr. Dai Zhongchuan	1
<i>Company Secretary</i>	
Mr. Ling Shing Ping	1

Convening Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meeting

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the Company secretary to convene an extraordinary general meeting pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Constitutional Documents

During the financial year, there were no changes in any of the Company's constitutional documents.

Investor Relations

The management believes that effective communication with the investment community in a timely manner through various media is essential. The Company held regular briefings, attended investor conferences and participated in roadshows to meet institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development.

Details of communications with shareholders and investor relations are stated in the "Relationship with Investors and Public" section entitled "Corporate Social Responsibility Report" on page 67 in the annual report.

By order of the Board



Ling Shing Ping
Company Secretary

Hong Kong, 23 February 2016

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 45, is the Chief Executive Officer, the Executive Director and the Board Chairman of the Company. He is primarily responsible for the overall corporate strategies, brand management, planning and business development of the Group. He joined the Group in July 1994 and has dedicated to expand and promote the Group's business and to develop China's sporting goods industry.

He personally obtained the following recognition:

Year	Awards
1998	The Eminent Young Entrepreneur of Jinjiang
2000	Top Ten Eminent Young Entrepreneurs of Fujian
2004	Top Ten Brand Talents in China
2006	Top Ten Outstanding Young Persons in China
2008	Ernst & Young Entrepreneur of the Year – China
2009	World Economic Forum – Youth Global Leader
2009	China Business Leaders Awards – Public's Choice of CEO
2014	Outstanding Contributor to the Building of Socialism with Chinese Characteristics
2014	2014 Chinese Business Leaders Annual Award

He is holding the following public offices:

Year	Public Offices
2008	National People's Congress deputy
2009	The 8th Organising Committee member of All-China Sports Federation
2010	Deputy chairman of China Sporting Goods Federation
2010	Committee member of China Youth Entrepreneurs Association
2012	Vice president of Samaranch Foundation
2012	Executive committee member of All-China Federation of Industry and Commerce

Mr. Ding is the younger brother of Mr. Ding Shijia, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 54.92% of the issued Shares.

Mr. Ding Shijia (丁世家), aged 51, is the Executive Director and the Board Deputy Chairman of the Company. He is primarily responsible for the management of the Group's footwear operations. He joined the Group in July 1994 and has over 20 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Since 2011, Mr. Ding has been Jinjiang City People's Congress standing deputy. Mr. Ding is the elder brother of Mr. Ding Shizhong, the cousin of Mr. Wang Wenmo and the brother-in-law of Mr. Lai Shixian, all of whom are also the Company's Executive Directors. He is also a director of Anta International, which holds 54.92% of the issued Shares.

Mr. Lai Shixian (賴世賢), aged 41, is the Chief Operating Officer, the Executive Director and the Vice President of the Company. He is primarily responsible for the supply chain and administrative management of the Group. He joined the Group in March 2003 and has over 10 years of experience in administrative management. Mr. Lai holds an EMBA degree from China Europe International Business School. Since 2011, Mr. Lai has been a member of the Quanzhou Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Lai is the brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors. He is also a director of Anta International, which holds 54.92% of the issued Shares. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234) which is listed on the Hong Kong Stock Exchange.

Mr. Wang Wenmo (王文默), aged 59, is the Executive Director of the Company. He is primarily responsible for the management of the Group's apparel operations. He joined the Group in June 2000 and has over 20 years of experience in the apparel industry. Mr. Wang is the cousin of Mr. Ding Shizhong and Mr. Ding Shijia, both of whom are the Company's Executive Directors.

Mr. Wu Yonghua (吳永華), aged 45, is the Executive Director and the Group Sales President of the Company. He is primarily responsible for the Group's sales and marketing management. He joined the Group in October 2003 and has over 10 years of experience in sales and marketing in China. Since 2011, Mr. Wu has been Xiamen City People's Congress deputy.

Mr. Zheng Jie (鄭捷), aged 48, is the Executive Director of the Company and the Brand President of ANTA. He is primarily responsible for brand and product management. He joined the Group in October 2008 and has over 10 years of experience in the field of marketing management, including nearly 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Shanghai Fudan University.

Independent Non-Executive Directors

Mr. Yeung Chi Tat (楊志達), aged 46, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in business administration from the University of Hong Kong and a master's degree in professional accounting from Hong Kong Polytechnic University. He is the fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also the president of the International Financial Management Association Hong Kong headquarters, the Greater China Development Working Committee member of The Association of Hong Kong Accountants, a vice-president of Hong Kong General Chamber of Wine and Spirits a council member of the Hong Kong Wine Chamber of Commerce and founding executive vice-president and council member of the Hong Kong independent Non-Executive Director Association. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, corporate restructure and corporate finance. He is the financial controller and company secretary of Dynasty Fine Wines Group Limited (stock code: 828), and an independent non-executive director of Ta Yang Group Holdings Limited (stock code: 1991), Boer Power Holdings Limited (stock code: 1685) and Sitoy Group Holdings Limited (stock code: 1023), all of which are listed on the Hong Kong Stock Exchange. Mr. Yeung was an independent non-executive director of Billion Industrial Holdings Limited (stock code: 2299) and KFM Kingdom Holdings Limited (stock code: 3816), both of which are listed on the Hong Kong Stock Exchange, from March 2011 to May 2014 and from September 2015 to February 2016 respectively.

Mr. Lu Hong Te (呂鴻德), aged 55, is the Independent Non-Executive Director of the Company and joined the Board in February 2007. He holds a bachelor's degree in industrial management science from National Cheng Kung University, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University. He is now a professor at the department of business administration of Chung Yuan Christian University in Taiwan, specializing in sales management and business competitive strategies. He also serves as a visiting professor at institutions including SGP International Management Academy, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center. He is an independent non-executive director of Capxon International Electronic Company Limited (stock code: 469), China Lilang Limited (stock code: 1234) and China SCE Property Holdings Limited (stock code: 1966), all of which are listed on the Hong Kong Stock Exchange, and an independent director of Uni-President Enterprises Corp. (stock code: 1216), which is listed on the Taiwan Stock Exchange. He is also an independent director of Firich Enterprises Co., Ltd (stock code: 8076) and Lanner Electronics Inc. (stock code: 6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. Mr. Lu was an independent non-executive director of Aiptek International Inc. (stock code: 6225), which is listed on the Taiwan Stock Exchange, from June 2007 to January 2014.

Mr. Dai Zhongchuan (戴仲川), aged 50, is the Independent Non-Executive Director of the Company and joined the Board in April 2009. He holds a bachelor's degree and a master's degree in economics from the Xiamen University. He is currently a deputy of the National People's Congress, an associate dean of the College of Law and a tutor of the master's postgraduate programme in international laws of Huaqiao University. Mr. Dai has over 20 years of working experience in legal research and holds various posts in public services in legal and judiciary area, including Quanzhou City People's Congress standing deputy, a member of the Internal and Judicial Affairs Committee of Quanzhou Municipal People's Congress as well as an arbitrator of Quanzhou Municipal Arbitration Commission. He is an independent director of Fujian Fengzhu Textile Science & Technology Co., Ltd (stock code: 600493) listed on Shanghai Stock Exchange and Xingye Leather Technology Co., Ltd (stock code: 002674) listed on Shenzhen Stock Exchange. Mr. Dai was an independent director of Tianguang Fire-Fighting Incorporated Company (stock code: 002509), which is listed on Shenzhen Stock Exchange, from July 2010 to July 2013, and was an independent non-executive director of Fujian Nuqi Co., Ltd (stock code: 1353), which is listed on the Hong Kong Stock Exchange, from June 2014 to July 2015.

Senior Management

Mr. Ling Shing Ping (凌昇平), aged 48, is the Chief Financial Officer, the Company Secretary and the Vice President of the Company. He is responsible for our overall financial and accounting affairs, treasury and company secretarial matters of the Group. He joined the Group in January 2007. He had previously worked at a major international accounting firm for over 10 years and possessed experience in auditing, accounting and corporate finance. Mr. Ling holds a bachelor's degree in business administration from the University of Hong Kong. He is the fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants. He is also designated as the Chartered Global Management Accountant.

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above. Only those 6 Executive Directors and the Chief Financial Officer/Company Secretary are regarded as members of the Group's senior management.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of
ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of ANTA Sports Products Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 89 to 135, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

A handwritten signature in black ink that reads 'KPMG'. The signature is written in a cursive, stylized font.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015 (Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Revenue	1	11,125,941	8,922,692
Cost of sales		(5,940,521)	(4,895,876)
Gross profit		5,185,420	4,026,816
Other net income	2	227,066	85,982
Selling and distribution expenses		(2,211,770)	(1,697,102)
Administrative expenses		(504,034)	(396,833)
Profit from operations		2,696,682	2,018,863
Net finance income	3	132,620	223,845
Profit before taxation	4	2,829,302	2,242,708
Taxation	5	(741,075)	(510,112)
PROFIT FOR THE YEAR		2,088,227	1,732,596
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		36,021	6,487
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,124,248	1,739,083
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		2,040,573	1,700,310
Non-controlling interests		47,654	32,286
PROFIT FOR THE YEAR		2,088,227	1,732,596
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		2,076,594	1,706,797
Non-controlling interests		47,654	32,286
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,124,248	1,739,083
Earnings per share	8	RMB cents	RMB cents
– Basic		81.66	68.12
– Diluted		81.48	67.98

The notes, significant accounting policies and principal subsidiaries on pages 93 to 135 form part of these financial statements.

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015 (Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	10	1,121,191	924,987
Construction in progress	11	44,544	142,850
Lease prepayments	12(a)	303,031	163,498
Prepayments for acquisition of land use rights	12(b)	255,822	146,838
Intangible assets	13	464,138	489,323
Other financial assets	15	24,875	19,900
Deferred tax assets	24(b)	131,656	149,358
Total non-current assets		2,345,257	2,036,754
Current assets			
Inventories	16	1,016,128	867,182
Trade and other receivables	17	2,207,186	1,700,706
Other financial assets	18	200,000	535,000
Pledged deposits	18	202,526	210,366
Fixed deposits held at banks with maturity over three months	19	1,365,000	1,100,000
Cash and cash equivalents	19	5,165,859	4,933,742
Total current assets		10,156,699	9,346,996
Total assets		12,501,956	11,383,750
Current liabilities			
Bank loans	20	1,330,000	1,348,264
Trade and other payables	21	1,989,893	1,654,011
Amount due to a related party	30(b)	8,983	6,229
Current taxation	24(a)	234,386	176,189
Total current liabilities		3,563,262	3,184,693
Net current assets		6,593,437	6,162,303
Total assets less current liabilities		8,938,694	8,199,057
Non-current liabilities			
Long-term payable to non-controlling interests – unsecured and at amortised cost		38,706	36,328
Deferred tax liabilities	24(b)	85,745	158,149
Total non-current liabilities		124,451	194,477
Total liabilities		3,687,713	3,379,170
Net assets		8,814,243	8,004,580
Equity			
Share capital	25	242,579	242,238
Reserves	26	8,337,087	7,552,919
Total equity attributable to equity shareholders of the Company		8,579,666	7,795,157
Non-controlling interests		234,577	209,423
Total liabilities and equity		12,501,956	11,383,750

The notes, significant accounting policies and principal subsidiaries on pages 93 to 135 form part of these financial statements.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Ling Shing Ping
Chief Financial Officer

Hong Kong, 23 February 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015 (Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company			Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Total RMB'000		
Balances as at 1 January 2014		242,113	6,911,875	7,153,988	195,137	7,349,125
<i>Changes in equity for 2014:</i>						
Profit for the year		–	1,700,310	1,700,310	32,286	1,732,596
Other comprehensive income for the year		–	6,487	6,487	–	6,487
Total comprehensive income for the year		–	1,706,797	1,706,797	32,286	1,739,083
Dividends approved in respect of the previous year	27(b)	–	(574,952)	(574,952)	–	(574,952)
Dividends declared in respect of the current year	27(a)	–	(496,809)	(496,809)	–	(496,809)
Shares issued pursuant to share option schemes	25	125	6,008	6,133	–	6,133
Dividend to non-controlling interests of a subsidiary		–	–	–	(18,000)	(18,000)
Balances as at 31 December 2014 and 1 January 2015		242,238	7,552,919	7,795,157	209,423	8,004,580
<i>Changes in equity for 2015:</i>						
Profit for the year		–	2,040,573	2,040,573	47,654	2,088,227
Other comprehensive income for the year		–	36,021	36,021	–	36,021
Total comprehensive income for the year		–	2,076,594	2,076,594	47,654	2,124,248
Dividends approved in respect of the previous year	27(b)	–	(711,450)	(711,450)	–	(711,450)
Dividends declared in respect of the current year	27(a)	–	(622,253)	(622,253)	–	(622,253)
Shares issued pursuant to share option schemes	25	341	41,277	41,618	–	41,618
Dividend to non-controlling interests of a subsidiary		–	–	–	(22,500)	(22,500)
Balances as at 31 December 2015		242,579	8,337,087	8,579,666	234,577	8,814,243

The notes, significant accounting policies and principal subsidiaries on pages 93 to 135 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015 (Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
Profit before taxation		2,829,302	2,242,708
Adjustments for:			
– Depreciation	10	154,075	128,025
– Amortisation of lease prepayments	12(a)	6,589	4,679
– Amortisation of intangible assets	13	27,603	26,637
– Interest expenses	3	46,887	19,311
– Interest income	3	(211,081)	(247,854)
– Loss on disposal of property, plant and equipment	2	2,297	3,061
– Reversal of provision for doubtful debts	4(c)	(8,655)	(46,079)
– Reversal of write-down of inventories	16(b)	(9,815)	(58,679)
Changes in working capital			
– Increase in inventories		(139,131)	(119,182)
– (Increase)/decrease in trade and other receivables		(490,044)	281,066
– Increase/(decrease) in trade and other payables		211,496	(229,717)
– Increase/(decrease) in amount due to a related party		2,754	(611)
Cash generated from operations		2,422,277	2,003,365
Income tax paid		(737,580)	(522,364)
Interest received		218,166	204,857
Net cash generated from operating activities		1,902,863	1,685,858
Investing activities			
Payments for purchase of property, plant and equipment		(144,951)	(142,394)
Proceeds from sale of property, plant and equipment		1,358	3,923
Payments for construction in progress		(85,571)	(97,794)
Payments for acquisition of land use rights	12(b)	(227,940)	(13,437)
Payments for purchase of intangible assets	13	(2,418)	(9,099)
Payments for acquisition of interest in a subsidiary	31	(26,384)	–
Decrease/(increase) in other financial assets		330,025	(6,000)
Placement of pledged deposits		(1,800)	–
Uplift of pledged deposits		9,640	5,094
Placement of fixed deposits held at banks with maturity over three months		(5,845,377)	(5,480,000)
Uplift of fixed deposits held at banks with maturity over three months		5,580,377	4,875,000
Net cash used in investing activities		(413,041)	(864,707)
Financing activities			
Drawdowns of new bank loans		1,330,000	858,035
Repayments of bank loans		(1,348,264)	–
Payments of interest expense on bank loans		(50,340)	(8,972)
Payment for long-term payable to non-controlling interests		(3,863)	(3,593)
Net proceeds from issue of bills of exchange		93,326	–
Proceeds from shares issued pursuant to share option schemes		41,618	6,133
Dividends paid to equity shareholders of the Company	27	(1,333,703)	(1,071,761)
Dividend paid to non-controlling interests of a subsidiary		(22,500)	(18,000)
Net cash used in financing activities		(1,293,726)	(238,158)
Net increase in cash and cash equivalents		196,096	582,993
Cash and cash equivalents as at 1 January		4,933,742	4,344,262
Effect of foreign exchange rate changes		36,021	6,487
Cash and cash equivalents as at 31 December	19	5,165,859	4,933,742

The notes, significant accounting policies and principal subsidiaries on pages 93 to 135 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. Revenue

The principal activities of the Group are manufacturing, trading and distribution of sporting goods including footwear, apparel and accessories in the PRC. Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax, which may be analysed as follows:

	2015 RMB'000	2014 RMB'000
Footwear	5,074,112	4,110,473
Apparel	5,591,695	4,451,233
Accessories	460,134	360,986
	11,125,941	8,922,692

For the year ended 31 December 2015, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2014: Nil).

2. Other Net Income

	2015 RMB'000	2014 RMB'000
Government grants ⁽ⁱ⁾	234,249	89,785
Rental income from operating leases	1,231	1,175
Loss on disposal of property, plant and equipment	(2,297)	(3,061)
Others	(6,117)	(1,917)
	227,066	85,982

(i) Government grants were received from several local government authorities as a recognition of the Group's contribution towards the local economic development, of which the entitlement was unconditional and under the discretion of the relevant authorities.

3. Net Finance Income

	2015 RMB'000	2014 RMB'000
Interest income	211,081	247,854
Net gain on forward foreign exchange contracts	3,456	-
	214,537	247,854
Interest expense on bank loans	(36,932)	(16,200)
Interest expense on discounted bills receivable	(6,674)	-
Interest expense recognised on payable carried at amortised cost	(3,281)	(3,111)
Other net foreign exchange losses	(35,030)	(4,698)
	(81,917)	(24,009)
Net finance income	132,620	223,845

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	2015 RMB'000	2014 RMB'000
(a) Staff costs ⁽ⁱ⁾ & ⁽ⁱⁱ⁾ :		
Contributions to defined contribution retirement plans	121,622	49,803
Salaries, wages and other benefits	1,126,374	929,319
	1,247,996	979,122
(b) Operating lease charges:		
Minimum lease payments	126,453	90,537
Contingent rentals	240,362	154,634
	366,815	245,171
(c) Other items:		
Cost of inventories ⁽ⁱ⁾ (note 16(b))	5,940,521	4,895,876
Depreciation ⁽ⁱ⁾	154,075	128,025
Amortisation		
– lease prepayments	6,589	4,679
– intangible assets	27,603	26,637
Reversal of provision for doubtful debts	(8,655)	(46,079)
Subcontracting charges ⁽ⁱ⁾	129,004	141,644
Auditors' remuneration	5,325	5,120
Research and development costs ⁽ⁱ⁾ & ⁽ⁱⁱ⁾	308,036	211,483

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB1,029,620,000 (2014: RMB843,469,000).

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

5. Taxation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporate Income Tax and Macao Complementary (Profits) Tax	661,383	455,743
Dividends withholding tax	134,394	55,502
Deferred tax (note 24(b))		
Dividends withholding tax	(134,394)	(55,502)
Origination and reversal of other temporary differences	79,692	54,369
	741,075	510,112

- (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 provisions for Hong Kong Profits Tax and Singapore Income Tax have been made as the Group does not have assessable profits subject to Hong Kong Profits Tax and Singapore Income Tax during the year ended 31 December 2015 and 2014.
- (iii) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance note, a subsidiary in the PRC is entitled to tax concessions whereby the profits of the subsidiary are taxed at a preferential income tax rate. Taxation of the Group’s other subsidiaries in the PRC are calculated using the applicable income tax rates of 25%.
- (iv) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Dividends withholding tax represents tax charged by the PRC tax authority on dividends distributed by the Group’s subsidiaries in Mainland China during the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015 RMB'000	2014 RMB'000
Profit before taxation	2,829,302	2,242,708
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	687,261	546,894
Tax effect of non-deductible expenses	33,200	31,108
Tax effect of non-taxable income	(15,452)	(21,755)
Withholding tax on profits retained by PRC subsidiaries (note 5(a)(iv))	64,838	48,595
Effect of tax concessions (note 5(a)(iii))	(28,772)	(94,730)
Actual tax expense	741,075	510,112

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6. Directors' Emoluments

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

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Year ended 31 December 2015					
Executive Directors					
Mr. Ding Shizhong	-	1,080	55	532	1,667
Mr. Ding Shijia	-	1,000	55	-	1,055
Mr. Lai Shixian	-	1,500	55	-	1,555
Mr. Wang Wenmo	-	1,000	55	-	1,055
Mr. Wu Yonghua	-	2,000	55	-	2,055
Mr. Zheng Jie	-	2,600	81	-	2,681
	-	9,180	356	532	10,068
Independent Non-Executive Directors					
Mr. Yeung Chi Tat	195	-	-	-	195
Mr. Lu Hong Te	130	-	-	-	130
Mr. Dai Zhongchuan	96	-	-	-	96
Total	421	9,180	356	532	10,489
Year ended 31 December 2014					
Executive Directors					
Mr. Ding Shizhong	-	1,080	50	532	1,662
Mr. Ding Shijia	-	1,000	50	-	1,050
Mr. Lai Shixian	-	1,500	50	-	1,550
Mr. Wang Wenmo	-	1,000	50	-	1,050
Mr. Wu Yonghua	-	2,000	50	-	2,050
Mr. Zheng Jie	-	2,600	75	-	2,675
	-	9,180	325	532	10,037
Independent Non-Executive Directors					
Mr. Yeung Chi Tat	190	-	-	-	190
Mr. Lu Hong Te	127	-	-	-	127
Mr. Dai Zhongchuan	96	-	-	-	96
Total	413	9,180	325	532	10,450

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

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 (2014: 2) are also Directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 (2014: 3) individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	4,867	5,029
Discretionary bonuses	3,716	3,691
Contributions to retirement benefit scheme	106	103
	8,689	8,823

The 3 (2014: 3) individuals include 1 (2014: 1) senior management that is not a Director of the Company.

The emoluments of the 3 (2014: 3) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2015	2014
RMB1,500,001 to RMB2,000,000	1	1
RMB2,000,001 to RMB2,500,000	1	–
RMB2,500,001 to RMB3,000,000	–	1
RMB4,000,001 to RMB4,500,000	1	1

8. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB2,040,573,000 (2014: RMB1,700,310,000) and the weighted average number of ordinary shares in issue during the year of 2,498,712,000 (2014: 2,496,044,000).

Weighted average number of ordinary shares

	2015 '000 Shares	2014 '000 Shares
Issued ordinary shares as at 1 January	2,496,932	2,495,351
Effect of share options exercised	1,780	693
Weighted average number of ordinary shares as at 31 December	2,498,712	2,496,044

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect caused by the share options granted under the share option schemes (see note 23) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2015 '000 Shares	2014 '000 Shares
Weighted average number of ordinary shares as at 31 December	2,498,712	2,496,044
Effect of deemed issue of shares under the Company's share option schemes	5,550	5,208
Weighted average number of ordinary shares (diluted) as at 31 December	2,504,262	2,501,252

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

9. Company-level Statement of Financial Position

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Investments in subsidiaries	14	134	123
Total non-current assets		134	123
Current assets			
Other receivables		443	343
Amounts due from subsidiaries	14	1,294,105	1,030,447
Cash and cash equivalents		13,282	1,470
Total current assets		1,307,830	1,032,260
Total assets		1,307,964	1,032,383
Current liabilities			
Other payables		799	1,535
Total current liabilities		799	1,535
Net current assets		1,307,031	1,030,725
Total assets less current liabilities		1,307,165	1,030,848
Equity			
Share capital	25	242,579	242,238
Reserves	26	1,064,586	788,610
Total equity		1,307,165	1,030,848
Total liabilities and equity		1,307,964	1,032,383

10. Property, Plant and Equipment

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Retail outlets leasehold improvements RMB'000	Total RMB'000
Cost:						
As at 1 January 2014	713,363	208,859	27,488	311,938	27,043	1,288,691
Additions	100,734	20,658	3,107	20,401	37,938	182,838
Transfer from construction in progress (note 11)	-	-	-	11,407	-	11,407
Disposals	(40)	(19,540)	(1,182)	(4,472)	(7,894)	(33,128)
As at 31 December 2014 and 1 January 2015	814,057	209,977	29,413	339,274	57,087	1,449,808
Additions	123	26,734	4,730	49,613	52,686	133,886
Transfer from construction in progress (note 11)	202,337	966	-	16,745	-	220,048
Disposals	(40)	(13,718)	(2,988)	(4,242)	(34,492)	(55,480)
As at 31 December 2015	1,016,477	223,959	31,155	401,390	75,281	1,748,262
Accumulated depreciation:						
As at 1 January 2014	134,155	100,196	21,508	158,183	8,898	422,940
Charge for the year	42,457	17,031	1,947	39,774	26,816	128,025
Written back on disposals	(40)	(13,965)	(1,050)	(4,102)	(6,987)	(26,144)
As at 31 December 2014 and 1 January 2015	176,572	103,262	22,405	193,855	28,727	524,821
Charge for the year	46,596	18,467	1,952	41,684	45,376	154,075
Written back on disposals	(40)	(10,897)	(2,717)	(4,065)	(34,106)	(51,825)
As at 31 December 2015	223,128	110,832	21,640	231,474	39,997	627,071
Net book value:						
As at 31 December 2015	793,349	113,127	9,515	169,916	35,284	1,121,191
As at 31 December 2014	637,485	106,715	7,008	145,419	28,360	924,987

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

11. Construction in Progress

	2015 RMB'000	2014 RMB'000
As at 1 January	142,850	69,296
Additions	121,742	84,961
Transfer to property, plant and equipment (note 10)	(220,048)	(11,407)
As at 31 December	44,544	142,850

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

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

(a) Lease prepayments

	2015 RMB'000	2014 RMB'000
Cost:		
As at 1 January	185,215	166,136
Acquisition through business combination (note 31)	26,941	–
Transfer from prepayments for acquisition of land use rights (note 12(b))	119,181	19,079
As at 31 December	331,337	185,215
Accumulated amortisation:		
As at 1 January	21,717	17,038
Charge for the year	6,589	4,679
As at 31 December	28,306	21,717
Net book value:		
As at 31 December	303,031	163,498

Lease prepayments represent prepayments of land use rights premiums to the PRC authorities. The Group's leasehold land is located in the PRC. The Group is granted land use rights for a period of 50 years.

(b) Prepayments for acquisition of land use rights

	2015 RMB'000	2014 RMB'000
As at 1 January	146,838	152,480
Additions	227,940	13,437
Acquisition through business combination (note 31)	225	–
Transfer to lease prepayments (note 12(a))	(119,181)	(19,079)
As at 31 December	255,822	146,838

The Group made prepayments for the acquisition of land use rights for certain properties held for own use under development in the PRC. The related land use right certificates were under application as at 31 December 2015.

13. Intangible Assets

	Computer software RMB'000	Patents and trademarks RMB'000	Total RMB'000
Cost:			
As at 1 January 2014	116,155	483,051	599,206
Additions	9,099	–	9,099
As at 31 December 2014 and 1 January 2015	125,254	483,051	608,305
Additions	2,418	–	2,418
As at 31 December 2015	127,672	483,051	610,723
Accumulated amortisation:			
As at 1 January 2014	37,931	54,414	92,345
Charge for the year	13,828	12,809	26,637
As at 31 December 2014 and 1 January 2015	51,759	67,223	118,982
Charge for the year	14,796	12,807	27,603
As at 31 December 2015	66,555	80,030	146,585
Net book value:			
As at 31 December 2015	61,117	403,021	464,138
As at 31 December 2014	73,495	415,828	489,323

The amortisation charge for the year is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

14. Investments in Subsidiaries/Amounts due from Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries.

Details of principal subsidiaries as at 31 December 2015 are shown on pages 133 to 135.

The amounts due from subsidiaries are unsecured, interest free and are expected to be recovered within one year.

15. Other Non-current Financial Assets

Other non-current financial assets represent other investments in unlisted equity investments.

16. Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2015 RMB'000	2014 RMB'000
Raw materials	66,993	79,079
Work in progress	152,749	120,280
Finished goods	796,386	667,823
	1,016,128	867,182

(b) The analysis of the amount of inventories recognised as an expense and charged/(credited) to profit or loss is as follows:

	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	5,950,336	4,954,555
Reversal of write-down of inventories	(9,815)	(58,679)
	5,940,521	4,895,876

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

17. Trade and Other Receivables

	2015 RMB'000	2014 RMB'000
Trade receivables	1,180,905	899,738
Less: Provision for doubtful debts	(15,440)	(24,095)
	1,165,465	875,643
Advance payments to suppliers	557,772	409,255
Deposits and other prepayments	282,394	222,687
VAT deductible	122,292	112,867
Interest receivables	66,517	73,602
Derivative financial instruments	3,456	–
Other receivables	9,290	6,652
	2,207,186	1,700,706

All of the trade and other receivables (net of provision for doubtful debts) are expected to be recovered or recognised as expenses within one year. An ageing analysis of the trade receivables, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Current	1,150,026	851,548
Less than 3 months past due	23,132	27,306
Past due over 3 months	7,747	20,884
	1,180,905	899,738

The movement in the provision for doubtful debts during the year is as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	24,095	70,174
Reversal of provision for doubtful debts recognised	(8,655)	(46,079)
As at 31 December	15,440	24,095

The Group normally grants a credit period of 30 to 90 days to its customers. There were no trade receivables that were past due at the end of the reporting period but not impaired. Receivables that were current relate to customers for whom there was no recent history of default. As at 31 December 2015, the Group has assessed the recoverability of the receivables past due and established a provision of doubtful debts. The provision for doubtful debts is recorded using a provision account unless the Group is satisfied that recovery is remote, in which case the unrecovered loss is written off against trade receivables and the provision for doubtful debts directly. The Group does not hold any collateral over these balances.

18. Other Current Financial Assets/Pledged Deposits

Other current financial assets represent unlisted available-for-sale investments.

Pledged bank deposits have been pledged as security for certain contracts and construction projects.

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

	2015 RMB'000	2014 RMB'000
Deposits with banks within three months to maturity when placed	3,943,299	3,571,000
Cash at bank and in hand	1,222,560	1,362,742
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	5,165,859	4,933,742
Deposits with banks with more than three months to maturity when placed	1,365,000	1,100,000
	6,530,859	6,033,742

As at 31 December 2015, the balances that were placed with banks in the PRC amounted to RMB4,520,760,000 (2014: RMB5,954,676,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

20. Bank Loans

Bank loans are denominated in Renminbi, carried at amortised cost and repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

21. Trade and Other Payables

	2015 RMB'000	2014 RMB'000
Trade payables	750,403	581,836
Bills payable	100,000	–
Receipts in advance from customers	34,077	47,030
Construction costs payables	45,628	9,457
VAT and other taxes payables	103,939	69,081
Accruals	822,037	837,151
Other payables	133,809	109,456
	1,989,893	1,654,011

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

	2015 RMB'000	2014 RMB'000
Within 3 months	720,975	541,579
3 months to 6 months	12,232	26,087
Over 6 months	17,196	14,170
	750,403	581,836

Bills payable are bills of exchange which are denominated at Renminbi, carried at amortised cost and repayable within one year.

22. Employee Retirement Benefits

Defined contribution retirement plans

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

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the plan vest immediately.

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

23. Equity-settled Share-based Payments

(a) Pre-IPO share option scheme

Pursuant to the shareholders' written resolution passed on 11 June 2007, the Company adopted a Pre-IPO share option scheme.

Under the Pre-IPO share option scheme, 16,000,000 options were granted on 12 June 2007. A Director and 37 employees of the Group were given the rights to subscribe for shares of the Company at a consideration of HK\$1.00 for the grant of options. Each option granted under the Pre-IPO share option scheme has vesting periods of 1 year to 3 years commencing from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange ("Listing Date"). The Group has no legal or constructive obligation to repurchase or settle any of these options in cash.

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

	Number of options '000	Vesting conditions	Contractual life of options
Options granted to a Director: – on 12 June 2007	5,250	1 year to 3 years from the Listing Date of the Company's shares	10 years
Options granted to employees: – on 12 June 2007	10,750	1 year to 3 years from the Listing Date of the Company's shares	10 years
Total share options	16,000		

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

	2015		2014	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	HK\$4.224	7,681	HK\$4.224	9,174
Exercised during the year	HK\$4.224	(1,400)	HK\$4.224	(1,493)
Outstanding at the end of the year	HK\$4.224	6,281	HK\$4.224	7,681
Exercisable at the end of the year	HK\$4.224	6,281	HK\$4.224	7,681

The weighted average share price at the date of exercise for share options exercised during the year was HK\$19.42 (2014: HK\$14.44).

The options outstanding as at 31 December 2015 had an exercise price of HK\$4.224 (2014: HK\$4.224) and a weighted average remaining contractual life of 2 years (2014: 3 years).

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(Expressed in Renminbi unless otherwise indicated)

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

(b) Share option scheme

The Company has adopted a share option scheme (“the Share Option Scheme”) pursuant to the shareholders’ written resolution passed on 11 June 2007. The Board may, at its absolute discretion, offer options to eligible persons to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme.

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

On 15 September 2010, 32,120,000 options were granted to a Director and certain employees of the Group pursuant to the Share Option Scheme. The options have vesting periods of 1.5 years to 3.5 years commencing from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company and the Group has no legal or constructive obligation to repurchase or settle any of these options in cash.

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

	Number of options '000	Vesting conditions	Contractual life of options
Options granted to a Director: – on 15 September 2010	1,000	1.5 years to 3.5 years from the date of grant	10 years
Options granted to employees: – on 15 September 2010	31,120	1.5 years to 3.5 years from the date of grant	10 years
Total share options	32,120		

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

	2015		2014	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	HK\$16.20	9,224	HK\$16.20	9,312
Exercised during the year	HK\$16.20	(2,789)	HK\$16.20	(88)
Outstanding at the end of the year	HK\$16.20	6,435	HK\$16.20	9,224
Exercisable at the end of the year	HK\$16.20	6,435	HK\$16.20	9,224

The weighted average share price at the date of exercise for share options exercised during the year was HK\$20.49 (2014: HK\$17.57).

The options outstanding at 31 December 2015 had an exercise price of HK\$16.20 (2014: HK\$16.20) and a weighted average remaining contractual life of 5 years (2014: 6 years).

24. Taxation in the Consolidated Statement of Financial Position

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

Current taxation in the consolidated statement of financial position represents provisions for PRC Corporate Income Tax and Macao Complementary (Profits) Tax.

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Dividend withholding tax RMB'000	Other deferred tax liabilities RMB'000	Other deferred tax assets RMB'000	Total RMB'000
As at 1 January 2014	154,016	4,530	(148,622)	9,924
Released upon distribution of dividends (note 5(a)(iv))	(55,502)	–	–	(55,502)
Charged/(credited) to profit or loss (note 5(a))	48,595	6,510	(736)	54,369
As at 31 December 2014 and 1 January 2015	147,109	11,040	(149,358)	8,791
Released upon distribution of dividends (note 5(a)(iv))	(134,394)	–	–	(134,394)
Charged/(credited) to profit or loss (note 5(a))	64,838	(2,848)	17,702	79,692
As at 31 December 2015	77,553	8,192	(131,656)	(45,911)

(c) Deferred tax assets not recognised:

As at 31 December 2015, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB5,524,000 (2014: RMB8,228,000). The cumulative tax losses do not expire under current tax legislation. The cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised:

As at 31 December 2015, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the PRC amounted to RMB4,455,105,000 (2014: RMB3,732,440,000). Deferred tax liabilities of RMB222,755,000 (2014: RMB186,622,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in the PRC and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

25. Share Capital

	Par value HK\$	Number of Shares '000	Nominal value of ordinary shares HK\$'000
Authorised:			
Ordinary shares			
As at 31 December 2014 and 2015	0.10	5,000,000	500,000

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

	Par value HK\$	Number of Shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
Issued and fully paid:				
As at 1 January 2014	0.10	2,495,351	249,535	242,113
Shares issued pursuant to share option schemes	0.10	1,581	158	125
As at 31 December 2014 and 1 January 2015	0.10	2,496,932	249,693	242,238
Shares issued pursuant to share option schemes	0.10	4,189	419	341
As at 31 December 2015	0.10	2,501,121	250,112	242,579

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

During the year, pursuant to the Company's share option schemes (note 23), options were exercised to subscribe for 4,189,000 ordinary shares (2014: 1,581,000 shares) in the Company at a consideration of RMB41,618,000 (2014: RMB6,133,000) of which RMB341,000 (2014: RMB125,000) was credited to share capital and the balance of RMB41,277,000 (2014: RMB6,008,000) was credited to the share premium account. RMB10,467,000 (2014: RMB514,000) has been transferred from the share-based compensation reserve to the share premium account. No options were lapsed during the year (2014: Nil). As at 31 December 2015, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's share option schemes is 12,716,000 (2014: 16,905,000).

26. Reserves

The Group

	Note	Share premium RMB'000 (Note 26(a))	Capital reserve RMB'000 (Note 26(b))	Statutory reserve RMB'000 (Note 26(c))	Exchange reserve RMB'000 (Note 26(d))	Share-based compensation reserve RMB'000 (Note 26(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2014		339,210	141,029	487,200	(316,535)	37,722	6,223,249	6,911,875
Profit for the year		-	-	-	-	-	1,700,310	1,700,310
Other comprehensive income for the year		-	-	-	6,487	-	-	6,487
Total comprehensive income for the year		-	-	-	6,487	-	1,700,310	1,706,797
Dividends approved in respect of the previous year	27(b)	-	-	-	-	-	(574,952)	(574,952)
Dividends declared in respect of the current year	27(a)	-	-	-	-	-	(496,809)	(496,809)
Shares issued pursuant to share option schemes	25	6,522	-	-	-	(514)	-	6,008
Appropriation to statutory reserve	26(c)	-	-	88,128	-	-	(88,128)	-
As at 31 December 2014 and 1 January 2015		345,732	141,029	575,328	(310,048)	37,208	6,763,670	7,552,919
Profit for the year		-	-	-	-	-	2,040,573	2,040,573
Other comprehensive income for the year		-	-	-	36,021	-	-	36,021
Total comprehensive income for the year		-	-	-	36,021	-	2,040,573	2,076,594
Dividends approved in respect of the previous year	27(b)	-	-	-	-	-	(711,450)	(711,450)
Dividends declared in respect of the current year	27(a)	-	-	-	-	-	(622,253)	(622,253)
Shares issued pursuant to share option schemes	25	51,744	-	-	-	(10,467)	-	41,277
Appropriation to statutory reserve	26(c)	-	-	47,218	-	-	(47,218)	-
As at 31 December 2015		397,476	141,029	622,546	(274,027)	26,741	7,423,322	8,337,087

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(Expressed in Renminbi unless otherwise indicated)

26. Reserves (Continued)

The Company

	Note	Share premium RMB'000 (Note 26(a))	Exchange reserve RMB'000 (Note 26(d))	Share-based compensation reserve RMB'000 (Note 26(e))	Retained profits RMB'000	Total reserves RMB'000
As at 1 January 2014		339,210	(395,804)	37,722	837,562	818,690
Profit for the year		-	-	-	1,023,581	1,023,581
Other comprehensive income for the year		-	12,092	-	-	12,092
Total comprehensive income for the year		-	12,092	-	1,023,581	1,035,673
Dividends approved in respect of the previous year	27(b)	-	-	-	(574,952)	(574,952)
Dividends declared in respect of the current year	27(a)	-	-	-	(496,809)	(496,809)
Shares issued pursuant to share option schemes	25	6,522	-	(514)	-	6,008
As at 31 December 2014 and 1 January 2015	9	345,732	(383,712)	37,208	789,382	788,610
Profit for the year		-	-	-	1,500,852	1,500,852
Other comprehensive income for the year		-	67,550	-	-	67,550
Total comprehensive income for the year		-	67,550	-	1,500,852	1,568,402
Dividends approved in respect of the previous year	27(b)	-	-	-	(711,450)	(711,450)
Dividends declared in respect of the current year	27(a)	-	-	-	(622,253)	(622,253)
Shares issued pursuant to share option schemes	25	51,744	-	(10,467)	-	41,277
As at 31 December 2015	9	397,476	(316,162)	26,741	956,531	1,064,586

(a) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregate amount of distributable reserves, including share premium and retained profits, of the Company as at 31 December 2015 was HK\$1,246,471,000 (2014: HK\$1,014,231,000).

26. Reserves (Continued)

(b) Capital reserve

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

(c) Statutory reserve

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

(d) Exchange reserve

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

(e) Share-based compensation reserve

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the period of the review with a corresponding adjustment to the share-based compensation reserve.

(f) Capital management

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

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

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

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(Expressed in Renminbi unless otherwise indicated)

27. Dividends

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

	2015 RMB'000	2014 RMB'000
Interim dividend declared and paid of HK30 cents per ordinary share (2014: HK25 cents per ordinary share)	622,253	496,809
Final dividend proposed after the end of the reporting period of HK30 cents per ordinary share (2014: HK28 cents per ordinary share)	636,148	553,350
Special dividend proposed after the end of the reporting period of HK8 cents per ordinary share (2014: HK8 cents per ordinary share)	169,639	158,100
	1,428,040	1,208,259

The final dividend and special dividend proposed after the end of the reporting period have not been recognised as a liability as at the end of the reporting period.

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

	2015 RMB'000	2014 RMB'000
Final dividend in respect of the year ended 31 December 2014, approved and paid during the year, of HK28 cents per ordinary share (2013: HK22 cents per ordinary share)	553,350	436,170
Special dividend in respect of the year ended 31 December 2014, approved and paid during the year, of HK8 cents per ordinary share (2013: HK7 cents per ordinary share)	158,100	138,782
	711,450	574,952

28. Financial Risk Management and Fair Values

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

(a) Credit risk

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

The Group's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at the end of the reporting period, 5% (2014: 8%) and 22% (2014: 26%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

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

In respect of other current financial assets, such unlisted available-for-sale investments were issued by a financial institution with established credit ratings.

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

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28. Financial Risk Management and Fair Values (Continued)

(b) Liquidity risk

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

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

	Contractual undiscounted cash outflows/(inflows)				Total RMB'000	Carrying amount on consolidated statement of financial position RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
As at 31 December 2015						
Non-derivative financial liabilities:						
Bank loans	1,358,187	-	-	-	1,358,187	1,330,000
Trade and other payables	1,989,893	-	-	-	1,989,893	1,989,893
Amount due to a related party	8,983	-	-	-	8,983	8,983
Long-term payable to non-controlling interests	-	4,008	12,023	68,128	84,159	38,706
	3,357,063	4,008	12,023	68,128	3,441,222	3,367,582
Derivative financial liabilities:						
Forward foreign exchange contracts						
- outflow	1,000,000	-	-	-	1,000,000	
- inflow	(1,025,217)	-	-	-	(1,025,217)	
As at 31 December 2014						
Non-derivative financial liabilities:						
Bank loans	1,357,082	-	-	-	1,357,082	1,348,264
Trade and other payables	1,654,011	-	-	-	1,654,011	1,654,011
Amount due to a related party	6,229	-	-	-	6,229	6,229
Long-term payable to non-controlling interests	-	3,692	11,076	66,457	81,225	36,328
	3,017,322	3,692	11,076	66,457	3,098,547	3,044,832

28. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank and bank loans. All of the other current financial assets and bank deposits of the Group are fixed rate instruments and are insensitive to any change in market interest rates.

The Group actively monitors the interest rate fluctuation to ensure that its net exposure is kept to an acceptable level.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-generating financial assets as at the end of the reporting period:

	2015		2014	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Financial assets				
Fixed rate instruments:				
Other current financial assets	5.30%	200,000	5.60%	535,000
Pledged deposits	3.00%~4.85%	202,526	3.24%~4.85%	210,366
Bank deposits	0.85%~6.00%	5,308,299	1.35%~6.00%	4,671,000
Bank loans	–	–	1.60%~1.70%	(1,348,264)
		5,710,825		4,068,102
Variable rate instruments:				
Cash at bank and in hand	0.01%~0.35%	1,222,560	0.01%~0.35%	1,362,742
Bank loans	4.25%~4.35%	(1,330,000)	–	–
		(107,440)		1,362,742
Total instruments		5,603,385		5,430,844
Fixed rate instruments as a percentage of total instruments		102%		75%

(ii) Sensitivity analysis

As at 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits for the year by approximately RMB43,979,000 (2014: RMB34,230,000). Other components of consolidated equity would not be affected (2014: Nil) by the changes in interest rates.

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The impact on the Group's profit after taxation (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2014.

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(Expressed in Renminbi unless otherwise indicated)

28. Financial Risk Management and Fair Values (Continued)

(d) Currency risk

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

The Group actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level.

(i) Exposure to currency risk

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

	Exposure to foreign currencies (expressed in Renminbi)					
	2015 Renminbi RMB'000	2015 Hong Kong Dollars RMB'000	2015 United States Dollars RMB'000	2014 Renminbi RMB'000	2014 Hong Kong Dollars RMB'000	2014 United States Dollars RMB'000
Cash and cash equivalents	265,030	918	1,102,567	496	774	5,067
Fixed deposits held at banks with maturity over three months	600,000	-	-	-	-	-
Pledged deposits	1,800	-	-	-	-	-
Trade and other receivables	-	110	46,728	-	54	19,455
Amount due from group companies	416,242	-	-	1,162,420	-	-
Bank loans	(1,330,000)	-	-	-	-	-
Trade and other payables	-	(68)	(39,391)	-	(115)	(29,352)
Long-term payable to non-controlling interests	-	-	(38,706)	-	-	(36,328)
Gross exposure to currency risk	(46,928)	960	1,071,198	1,162,916	713	(41,158)
Notional amounts of forward foreign exchange contracts	(1,000,000)	-	1,025,217	-	-	-
Net exposure to currency risk	(1,046,928)	960	2,096,415	1,162,916	713	(41,158)

28. Financial Risk Management and Fair Values (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

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

	Increase/ (decrease) in foreign exchange rates in %	2015 Effect on profit after taxation and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates in %	2014 Effect on profit after taxation and retained profits RMB'000	Effect on other components of equity RMB'000
Renminbi	5 (5)	(52,346) 52,346	52,346 (52,346)	5 (5)	58,146 (58,146)	(58,146) 58,146
Hong Kong dollars	5 (5)	48 (48)	4,966 (4,966)	5 (5)	36 (36)	(53,547) 53,547
United States dollars	5 (5)	(484) 484	104,609 (104,609)	5 (5)	(2,894) 2,894	1,001 (1,001)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation (and retained profits) and other components of consolidated equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Mainland China into the Group's presentation currency. The analysis is performed on the same basis for 2014.

(e) Commodity price risk

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

(f) Business risk

The Group's primary business is the design, manufacturing and distribution of branded sports footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. The performance of the Fila business in the PRC is dependent on the market perception and acceptance of the FILA brand and the images associated with the brand. Based on these factors, the Group may experience significant fluctuations in its future financial results.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28. Financial Risk Management and Fair Values (Continued)

(g) Fair values measurement

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	2015 Level 2 RMB'000	2014 Level 2 RMB'000
Recurring fair value measurements		
Assets		
Available-for-sale investments		
– Unlisted	200,000	535,000
Derivative financial instruments:		
– Forward foreign exchange contracts	3,456	–
	203,456	535,000

During the year ended 31 December 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of all financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 except that the fair value of the long-term payable to non-controlling interests is classified within Level 2 of the fair value hierarchy and is approximately RMB50,000,000 (2014: RMB42,000,000), which is estimated using the expected future cash flows discounted at prevailing market interest rate as at the end of the reporting period.

29. Commitments

(a) Operating leases

As at 31 December 2015, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	165,861	106,099
After 1 year but within 5 years	136,166	91,876
After 5 years	7,537	–
	309,564	197,975

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew when all terms are renegotiated.

The above commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops leased by the Group. In general, these contingent rents are calculated based on the relevant retail shops' revenue pursuant to the terms and conditions as set out in the respective rental agreement. It is not possible to estimate in advance the amount of such contingent rent payable.

(b) Capital commitments

Capital commitments outstanding as at 31 December 2015 not provided for in the financial statements were as follows:

	2015 RMB'000	2014 RMB'000
Contracted for	61,661	101,210
Authorised but not contracted for	252,591	177,537
	314,252	278,747

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(Expressed in Renminbi unless otherwise indicated)

30. Material Related Party Transactions

(a) Transactions with related parties

	2015 RMB'000	2014 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. (“Quanzhou Anda”)	47,144	30,235
Service fees		
– Mr. Ding Shijia	13,572	13,572

The Directors are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

The above related party transactions also fall under the definition of continuing connected transactions in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

(b) Balance with a related party

	2015 RMB'000	2014 RMB'000
Amount due to a related party		
Trade balance		
– Quanzhou Anda	8,983	6,229

The amount due to a related party is unsecured, interest free and is expected to be paid within one year.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s Executive Directors were as follows:

	2015 RMB'000	2014 RMB'000
Short-term employee benefits	12,009	11,879

The total remuneration is included in “staff costs” (see note 4(a)).

31.Acquisition of a Subsidiary

Acquisition of Henan Material

Effective on 1 July 2015, the Group acquired the entire voting interest in Henan ANTA Material Supply Limited (“Henan Material”) (formerly know as Shangqiu Ruixiang Material Supply Limited) from its owner. The principal activity of Henan Material is manufacturing of shoe sole in the PRC.

Henan Material contributed no revenue and incurred a loss of RMB73,000 to the Group for the period from 1 July 2015 to 31 December 2015. If the acquisition had occurred on 1 January 2015, the Group’s revenue would have been approximately RMB11,125,941,000, and profit for the year would have been approximately RMB2,087,353,000.

The fair value of assets acquired and liabilities assumed as at the acquisition date are as follows:

	RMB'000
Lease prepayments (note 12(a))	26,941
Prepayments for acquisition of land use right (note 12(b))	225
Other receivables	86
Cash and cash equivalents	2,652
Other payables	(868)
Net identifiable assets	29,036
Consideration	29,036
Satisfied by:	
Purchase consideration settled in cash	29,036
Net cash outflow on acquisition:	
Purchase consideration	29,036
Cash and cash equivalents acquired	(2,652)
Net cash outflow on acquisition	26,384

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

32. Significant Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the financial statements.

(a) Impairments

The management determines the impairment loss if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(d) Depreciation and amortisation

The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses charge for the year. The management determines that the remaining useful life of the Fila PRC Trademark is 32 years based on management's expertise in the sportswear industry. It could change significantly as a result of changes in the sportswear market. The useful lives of other assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(e) Provision for deferred tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

33. Revised IFRSs

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group's results and financial position.

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

34. Non-adjusting Event after the Reporting Period

After the end of the reporting period the Directors recommended a final dividend and a special dividend. Further details are disclosed in note 27.

35. Possible impact of Amendments, New Standards and Interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

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

36. Immediate and Ultimate Holding Company

The Directors consider the immediate and ultimate holding company of the Company as at 31 December 2015 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 23 February 2016.

SIGNIFICANT ACCOUNTING POLICIES

(A) Statement of Compliance

The Company was incorporated in the Cayman Islands on 8 February 2007. The shares of the Company were listed on the Main Board of Hong Kong Stock Exchange on 10 July 2007.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and related Interpretations, promulgated by the International Accounting Standards Board (“IASB”). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance, and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries. These financial statements are presented in Renminbi (RMB), rounded to the nearest thousand, and are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Available-for-sale investments (see (M))
- Derivative financial instruments (see (M))

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

(C) Basis of Consolidation

The consolidated financial statements for the year ended 31 December 2015 include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

(C) Basis of Consolidation (Continued)

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

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

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

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

(D) Other Investments in Equity Investments

Investments in equity investments are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

Investments in equity investment that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see (J)). Dividend income from equity investment is recognised in profit or loss in accordance with the policies set out in (T)(v).

When the investments are derecognised or impaired (see (J)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(E) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see (J)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 10 years
- Motor vehicles 5 years
- Furniture and fixtures 3-10 years
- Retail outlets leasehold improvements 1-2 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(F) Construction in Progress

Construction in progress represents property, plant and equipment under construction and equipment pending for installation, and is stated at cost less impairment losses (see (J)). Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are complete.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

SIGNIFICANT ACCOUNTING POLICIES

(G) Lease Prepayments

Lease prepayments represent cost of land use rights paid to the PRC's governmental authorities. Land use rights are carried at cost less accumulated amortisation and impairment losses (see (J)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(H) Intangible Assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see (J)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- patents and trademarks 10-40 years
- computer software 3-10 years

Both the useful life and method of amortisation are reviewed annually.

(I) Operating Lease Charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(J) Impairment of Assets

(i) Impairment of available-for-sale investments and trade and other receivables

Investments in securities and receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(J) Impairment of Assets (Continued)

(i) Impairment of available-for-sale investments and trade and other receivables (Continued)

- For available-for-sale investments, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- lease prepayments;
- intangible assets;
- construction in progress; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

SIGNIFICANT ACCOUNTING POLICIES

(K) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(L) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see (J)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see (J)).

(M) Available-for-sale Investments and Derivative Financial Instruments

Available-for-sale investments are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. Interest income from these investments is recognised using the effective interest method in profit or loss in accordance with the policy set out in (T)(ii). When these investments are derecognised or impaired (see (J)), the cumulative gain or loss is transferred from equity to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(N) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(O) Payables

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

(P) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(Q) Employee Benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Share-based payments

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

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

(R) Income Tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity respectively.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted as at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

SIGNIFICANT ACCOUNTING POLICIES

(R) Income Tax (Continued)

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
 - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(S) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(T) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised in profit or loss upon on a systematic basis over the useful life of the asset.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(U) Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside Mainland China is Hong Kong dollars and the functional currency of the subsidiaries in Mainland China is Renminbi. The financial statements are presented in RMB ("presentation currency") for easy reference to international investors.

(ii) Transactions and balances

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

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

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

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

(V) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(W) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development.

(X) Dividends

Dividends are recognised as a liability in the period in which they are declared.

SIGNIFICANT ACCOUNTING POLICIES

(Y) Related Parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Z) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Anta Enterprise Group Limited ("Anta Enterprise")	BVI/Hong Kong	USD10,000	100%	–	Investment holding
Motive Force Sports Products Limited ("Motive Force")	BVI/Hong Kong	USD10,000	100%	–	Investment holding
ANTA Investment Limited ("ANTA Inv")	Hong Kong	HK\$1,000,000	–	100%	Investment holding
ANTA International Limited ("ANTA Int'l")	Hong Kong	HK\$1	–	100%	Management services
Anta Sports Japan Co., Ltd ("ANTA Japan") (Note (iv))	Japan	JPY50,000,000	–	100%	Product design
安踏(中國)有限公司(「安踏中國」) ANTA (China) Co., Ltd. ("ANTA China") (Notes (i) and (iii))	PRC	HK\$600,000,000	–	100%	Manufacturing and trading of sporting goods
安踏(長汀)體育用品有限公司 (「安踏長汀」) ANTA (Changting) Sports Products Co., Ltd. ("ANTA Changting") (Notes (i) and (iii))	PRC	HK\$80,000,000	–	100%	Manufacturing of sporting goods
安踏(廈門)體育用品有限公司 (「安踏廈門」) ANTA (Xiamen) Sports Goods Co., Ltd. ("ANTA Xiamen") (Notes (i) and (iii))	PRC	HK\$50,000,000	–	100%	Manufacturing of sporting goods
安踏體育用品集團有限公司 (「安踏集團」) ANTA Sports Products Group Co., Limited ("ANTA Group") (Notes (i) and (iii))	PRC	HK\$100,000,000	–	100%	Manufacturing and trading of sporting goods
廈門安踏貿易有限公司 (「廈門安踏貿易」) Xiamen ANTA Trading Co., Ltd. ("Xiamen ANTA Trading") (Notes (i) and (iii))	PRC	HK\$300,000,000	–	100%	Trading of sporting goods
廈門安踏有限公司 (「廈門安踏」) Xiamen ANTA Company Limited ("Xiamen ANTA") (Notes (ii) and (iii))	PRC	RMB200,000,000	–	100%	Investment holding and trading of sporting goods
泉州安踏有限公司 (「泉州安踏」) Quanzhou ANTA Co., Ltd. ("Quanzhou ANTA") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Trading of sporting goods

PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安踏實業有限公司 (「廈門安踏實業」) Xiamen ANTA Industrial Limited ("Xiamen ANTA Industrial") (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of sporting goods
廈門安踏電子商務有限公司 (「廈門安踏電子商務」) Xiamen ANTA E-Commerce Limited ("Xiamen ANTA E-Commerce") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
河南安踏體育用品有限公司 (「河南安踏」) Henan ANTA Sports Products Limited ("Henan ANTA") (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Trading of sporting goods
河南安踏鞋材有限公司 (「河南鞋材」) (前稱為商丘市銳翔鞋材有限公司) Henan ANTA Material Supply Limited ("Henan Material") (formerly known as Shangqiu Ruixiang Material Supply Limited) (Notes (ii) and (iii))	PRC	RMB70,000,000	–	100%	Manufacturing of shoe sole
泉州安踏鞋材有限公司 (「泉州鞋材」) Quanzhou ANTA Material Supply Limited ("Quanzhou Material") (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Manufacturing of shoe sole
泉州東禕達輕工發展有限公司 (「東禕達」) Dongyida Light Industry Development Co., Limited Quanzhou ("Dongyida") (Note (ii) and (iii))	PRC	HK\$3,680,000	–	100%	Manufacturing of shoe sole
全鋒(福建)鞋材有限公司 (「全鋒」) Chenfeng (Fujian) Material Supply Co., Limited ("Chenfeng") (Note (ii) and (iii))	PRC	RMB49,626,900	–	100%	Manufacturing of shoe sole
斐樂服飾有限公司 (「斐樂服飾」) Fila Style Co., Ltd. ("Fila Style") (Note (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Issued ordinary share/ paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Fila Marketing (Hong Kong) Limited ("Fila Marketing")	Hong Kong	HK\$79,800,000	–	100%	Retailing of sporting goods
Fila (Macao) Limited ("Fila Macao")	Macao	MOP25,000	–	100%	Retailing of sporting goods
Full Prospect Sports Limited ("Full Prospect")	Cayman Islands/ Hong Kong	Ordinary share USD85 and Class B share USD15	–	85%	Investment holding
Full Prospect (IP) PTE Ltd ("Full Prospect IP")	Singapore/ Hong Kong	USD200,000	–	85%	Trademark holding
Speed Benefit Limited ("Speed Benefit")	Hong Kong	HK\$1,000,000	–	85%	Trading of sporting goods
斐樂體育有限公司 (「斐樂中國」) Fila PRC Co., Limited ("Fila China") (Notes (i) and (iii))	PRC	USD9,000,000	–	85%	Trading of sporting goods
廈門斐樂體育用品有限公司 (「廈門斐樂」) Xiamen Fila Sports Products Limited ("Xiamen Fila") (Notes (ii) and (iii))	PRC	RMB20,000,000	–	85%	Retailing of sporting goods
泉州寰球鞋服有限公司 (「寰球」) Quanzhou Athletic Shoes & Garments Co., Limited ("Athletic") (Note (ii) and (iii))	PRC	USD26,260,000	–	55%	Manufacturing and trading of sporting goods

Notes:

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

GLOSSARY

AGM

The annual general meeting of the Company or any adjournment thereof

Anda Holdings

Anda Holdings International Limited

Anda Investments

Anda Investments Capital Limited

ANTA

ANTA Brand

Anta International

Anta International Group Holdings Limited

ANTA Sports/ Company

ANTA Sports Products Limited

ANTA store(s)

ANTA authorised retail store(s)

Board

The Board of Directors of the Company

BVI

The British Virgin Islands

China/PRC

People's Republic of China

COC

Chinese Olympic Committee

CPI

Consumer Price Index

CSD

Chinese Sports Delegation

CSR

Corporate social responsibility

ERP

Enterprise Resources Planning System, a business support system that maintains in a single database for a variety of business functions

Executive Directors

Executive directors of the Company

Fila Business in the PRC

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

Fila PRC Trademarks

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

Fila Products

Sportswear products bearing the Fila PRC Trademarks

GDP

Gross Domestic Product

Group

The Company and its subsidiaries

Hong Kong

The Hong Kong Special Administrative Region of the PRC

Hong Kong dollars, HK\$

Hong Kong dollars, the lawful currency of Hong Kong

Hong Kong Stock Exchange/HKEX

The Stock Exchange of Hong Kong Limited

Independent Non-Executive Directors

Independent non-executive directors of the Company

IPO

Initial Public Offering

Kids sportswear series

ANTA's sportswear products for children aged between 3 and 14

Listing Rules

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

MSCI

Morgan Stanley Capital International Global Standard Index

NBA

National Basketball Association

ODM

Original Design Manufacturer

OEM

Original Equipment Manufacturer

POP

Point of purchase advertising

POS

ANTA stores' point of sales

PPI

Producer Price Index for manufactured goods

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

SGD

Singapore dollars, the lawful currency of the Republic of Singapore

Share(s)

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

Shareholders

Shareholders of the Company

TVC

Television Commercial

USD

United States dollars, the lawful currency of the United States of America

WCBA

Women's Chinese Basketball Association

Year

The year ended 31 December 2015

INVESTOR INFORMATION

Share Information

Listing Day:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares in outstanding:	2,501,121,100 shares (As at 31 December 2015)

Stock Codes

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

Dividends

HK cents	2011	2012	2013	2014	2015
Interim dividend	26	23	19	25	30
Final dividend	26	17	22	28	30
Special dividend	-	8	7	8	8

Important Dates

23 February 2016	Annual results announcement
6 April 2016	Annual general meeting
12 April 2016 4:30 p.m.	Record date of 2015 final dividend and special dividend
On or about 25 April 2016	Payment date of 2015 final dividend and special dividend
31 December 2016	Financial year end date of 2016

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