



**ANTA
SPORTS
PRODUCTS
LIMITED**

Incorporated in the Cayman Islands with limited liability
Stock Code: 2020



去打破

GO

**SURPRISE
YOURSELF**

**INTERIM
REPORT 2016**

MISSION

To integrate the sports spirit of “going beyond oneself” into everyone’s daily life.

CORE VALUES

Brand value is the basis of our business decision making, and the core value to be maintained by ANTA’s people.

We never fear the obstacles of change, and we will apply our innovation ideas to meet the demand and 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.

VISION

To become the nation’s top sportswear company with the best reputation and largest market share in China, and a respectable and sustainable world-class sportswear company in the long run.

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About ANTA Sports Products Limited

Established in 1994 and listed on the Main Board of Hong Kong Stock Exchange in 2007, ANTA Sports Products Limited (stock code: 2020.HK) is one of the leading sportswear companies in China. For many years, we have been principally engaged in the design, development, manufacturing and marketing of ANTA sportswear series to provide professional sporting goods to the mass market in China. Our professional sportswear includes sports shoes, apparel and accessories. In recent years, we have started moving full steam ahead with the strategy of “Single-focus, Multi-brand, and Omni-channel” to deepen our footprint in the sportswear market in China. By embracing a vibrant brand portfolio, including ANTA, ANTA KIDS, FILA, FILA KIDS, DESCENTE and NBA, and by seizing every opportunity arising in various important retail channels, we aim to unlock the potential of both the mass and high-end sportswear markets in China. By integrating various resources, including sponsorship and endorsement, advertising and promotional campaigns, corporate social responsibility initiatives, retail management capability and high quality, value-for-money merchandise, we strive to reinforce the image of our brands and the level of brand association in the minds of our customers. Our goal is to become the nation’s top sportswear company with the best reputation and largest market share in China, and a respectable and sustainable world-class sportswear company in the long run.



FINANCIAL OVERVIEW

Six months ended 30 June	2016	2015	Changes
	(RMB million)	(RMB million)	(%)
Revenue	6,142.7	5,109.8	↑ 20.2
Gross profit	2,941.2	2,382.0	↑ 23.5
Profit from operations	1,488.3	1,266.9	↑ 17.5
Profit attributable to equity shareholders	1,129.2	965.3	↑ 17.0
Free cash inflow	726.8	952.5	↓ 23.7
	(RMB cents)	(RMB cents)	(%)
Earnings per share			
– Basic	45.15	38.65	↑ 16.8
– Diluted	45.05	38.57	↑ 16.8
Shareholders' equity per share	356.09	321.50	↑ 10.8
	(HK cents)	(HK cents)	(%)
Interim dividend per share	34	30	↑ 13.3
	(%)	(%)	(% point)
Gross profit margin	47.9	46.6	↑ 1.3
Operating profit margin	24.2	24.8	↓ 0.6
Margin of profit attributable to equity shareholders	18.4	18.9	↓ 0.5
Effective tax rate	26.3	26.4	↓ 0.1
Advertising and promotional expenses ratio (as a percentage of revenue)	11.2	11.0	↑ 0.2
Staff costs ratio (as a percentage of revenue)	11.5	11.1	↑ 0.4
R&D costs ratio (as a percentage of cost of sales)	4.4	5.2	↓ 0.8

As at 30 June	2016	2015	Changes
	(%)	(%)	(% point)
Gearing ratio ⁽¹⁾	11.1	9.1	↑ 2.0
Return on average total shareholders' equity (annualised) ⁽²⁾	26.0	24.6	↑ 1.4
Return on average total assets (annualised) ⁽³⁾	17.8	17.1	↑ 0.7
Average total shareholders' equity to average total assets	68.6	69.6	↓ 1.0
	(in 182 days)	(in 181 days)	(days)
Average inventory turnover days ⁽⁴⁾	64	57	↑ 7
Average trade receivables turnover days ⁽⁵⁾	37	33	↑ 4
Average trade payables turnover days ⁽⁶⁾	45	42	↑ 3

Cautionary Statement Regarding Forward-Looking Statements

This Interim Report 2016 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 period.
- (2) Return on average total shareholders' equity is equal to the profit attributable to the equity shareholders divided by the average balance of total shareholders' equity.
- (3) Return on average total assets is equal to the profit attributable to the 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 period.
- (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 period.
- (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 period.

RESULTS HIGHLIGHTS

FINANCIAL PERFORMANCE

- Revenue increased by **20.2%** to **RMB6.14 billion**
- Gross profit margin increased by **1.3% point** to **47.9%**
- Profit attributable to equity shareholders increased by **17.0%** to **RMB1.13 billion**
- Basic earnings per share increased by **16.8%** to **RMB45.15 cents**
- **65.2%** payout of the profit attributable to equity shareholders



OPERATIONAL PERFORMANCE

- Number of ANTA stores (including ANTA KIDS standalone stores) stood at **8,510**
- Number of FILA stores (including FILA KIDS standalone stores) in China, Hong Kong and Macao stood at **687**



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	Lam Jim			
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	Lam Jim		
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 Wang 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	Citigate Dewe Rogerson			
Principal bankers	Agricultural Bank of China Bank of China Limited Bank of China (Hong Kong) Limited Industrial and Commercial Bank of China The Hongkong and Shanghai Banking Corporation Limited			



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our interim results for the six months ended 30 June 2016.

We Have Achieved Remarkable Results and Focused on Long-Term Sustainability

2016 marks the first year of China's "13th Five-Year Plan", and with China's economy transitioning into a new phase of structural reform, a new trend of steady growth has emerged in the sportswear industry. In light of China's "New Normal", we continue to seize opportunities in the market, and create innovative products and solutions that meet consumer demands. Our comprehensive operational strategies resulted in increased market share and improved profitability for our retailers.

During the period, our revenue increased by 20.2% to RMB6.14 billion (2015 1H: RMB5.11 billion). This was mainly due to the growing demand for the differentiated value-for-money products of ANTA, as well as significant growth in our other businesses, including ANTA KIDS, FILA, FILA KIDS etc. Profit attributable to equity shareholders also rose by 17.0 % to RMB1,129.2 million (2015 1H: RMB965.3 million), with basic earnings per share amounting to RMB45.15 cents (2015 1H: RMB38.65 cents). To allow our shareholders to benefit from the remarkable results of the Company, the Board proposed an interim dividend of HK34 cents per ordinary share (2015 interim dividend: HK30 cents), representing a payout ratio of 65.2% of profit attributable to equity shareholders for the period (2015 1H: 64.5%).



We Have Successfully Enhanced Value Through “Single-focus, Multi-brand and Omni-channel” Operational Strategy

We are committed to implementing “Single-focus, Multi-brand and Omni-channel” strategy to maximise our market share by fulfilling consumer demands amid the rapid change of distribution network. On one hand, we have improved retail management practices within all our distribution channels including street stores, shopping malls, department stores, outlet stores and e-commerce platforms. On the other hand, through our ANTA, ANTA KIDS, FILA, FILA KIDS and NBA brands, we have successfully covered different market segments, from mass to high-end markets, from functional to fashion sporting goods, as well as from adult to kids.

During the period, we entered into an agreement to form a joint venture group (“JV Group”) with Descente Global Retail Ltd. (“DGR”), a subsidiary of Descente Ltd., and a subsidiary of ITOCHU Corporation (“ITOCHU”). The JV Group operates and engages in the business of design, sale and distribution of all products bearing the “DESCENTE” trademarks in China on an exclusive basis. DESCENTE has over 80 years of experience in high-performance sportswear. This partnership, will not only allow us to seize more opportunities in the high-end sportswear market, but will also elevate our “Single-focus, Multi-brand and Omni-channel” strategy to a new level.

In addition to building upon our multi-brand strategy, we are strengthening our retail management capabilities. According to the consumers’ characteristics of different brands, we further enhance the efficiency of various retail channels, so as to stay aligned with changing popularity of different channels and consumers’ shopping behaviors. To cope with the continuous growth of our businesses, we further optimise our supply chains and operations management and distribute new products directly from our production bases to retailers by adopting a direct delivery-to-retail model. Meanwhile, we are building a large-scaled logistics base in order to echo to our multi-brand and omni-channel operational strategies.

We Enhance Our Brands’ Reputation through Olympics

As a strategic partner of the COC and CSD, along with our Olympic campaign “Go Surprise Yourself”, we have inspired a new generation of Chinese Olympic athletes to demonstrate the power of Chinese sports in the Rio Olympics in Brazil. As a result, we have further enhanced our brand value. Chinese athletes came in 2nd in the medal rankings, in terms of total medals, with 26 gold medals, 18 silver medals, and 26 bronze medals. The ANTA Champion Dragon Outfit appeared 70 times on the victory podium during the Rio Olympics. On each occasion, the glory of a champion echoes the proudness of the China. In addition to the ANTA Champion Dragon Outfit innovation, we have designed competitive gear for 10 national teams that competed in the Rio Olympics, including gymnastics, trampoline,

weightlifting, wrestling, judo, boxing, taekwondo, rowing, canoeing, and water polo. Besides, FILA was the official sponsor of sportswear uniform for the Hong Kong’s Olympic squad of China competing in the Rio Olympics.

Outside of the Olympic arena, we also dedicated ourselves to the promotion of Olympic spirit in China as to facilitate the advancement of sports in China. For example, ANTA has sponsored the Olympic Day Run for eight consecutive years, encouraging ordinary people in China to experience the spirit and culture of the Olympics. In addition, ANTA collaborated with renowned Chinese ultra-marathon runner, Chen Penbin in the “2016 Challenge 100” event. The event supported the Rio Olympics by having more than 20,000 runners or over 1,000 running teams completing the 100 km relay per city in a large number of cities, including Rio de Janeiro, Brazil. FILA also sponsored CCTV5’s Rio Olympics reporting team, providing gear to CCTV5 journalists between stadiums and arenas during the Rio Olympics, showcased the outstanding attitude and groomed appearance of the China’s Olympics reporting crew.

We Strive to Improve User Experience Through Innovation

Innovation is one of the key drivers of success in our business. Our innovation capability allows us to create more differentiated products, which has expanded our leading position in the sportswear market of China. ANTA is a functional sportswear brand that focuses on the mass market. During the period, we launched the ANTA running time APP and ANTA Intelligent Running Shoes, which

CHAIRMAN'S STATEMENT



can monitor a runner's running posture in a comprehensive and accurate manner. Combined with our latest A-WEB technology and A-SILO technology, our new products have provided consumers with a better running experience. Popularity gained from the introduction of high-end technology and professional products at an

affordable price for the mass market has further solidified our leading position in the market. This illustrates our enormous commitment to R&D and product innovation over the years.

On the other hand, we have tailor-made basketball shoes for Klay Thompson, the famous Golden

State Warriors point guard, which he wore for the entire NBA season. ANTA's KT series is extremely popular in China. With orders of over 500,000 pairs in 2016, an increase of 240% year-on-year, ANTA's KT series is one of the best sellers among ANTA's NBA endorsed shoes series, strengthening our influence in China's basketball market. In addition,

on the back of the success of the last generation of “Challenge 100” running shoes, we have launched a new version of “Challenge 100” functional running shoes. The new version has the latest one-piece design to the vamp in order to enhance the comfort of long-distance runners and bring better experience to the running enthusiasts.

Besides, to enhance the sales performance and brand awareness of FILA among high-end consumers, we are committed to opening FILA stores in the Chinese significant potential cities. Furthermore, FILA also cooperated with renowned designers, including Jason Wu, who introduced the “Jason Wu X FILA” series in January 2016. FILA KIDS which launched in 2015 has provided quality kids products to the high-end market. Given its elegant and unique style incorporated from FILA, FILA KIDS has successfully attracted the attention of consumers in the high-end market.

We Improve Retail Management Capability and Strengthen the Competitiveness of Distribution Network

We continue to leverage our comprehensive retail-oriented strategies to improve our retail management capability, thereby helping our retailers to stay competitive and improving their profitability. In addition to streamlining our distribution structure, we analyse the real-time retail performances and inventory situation using the ERP system, as well as formulate the best-fitted retail management strategy to react to the rapid changes in market trend and consumers’ demand. Our database allows us to provide accurate order guidance for our distributors which will in turn result in lower inventory levels and higher profitability.

We adopt the most appropriate channel management method according to the consumers’ characteristics of different brands. For ANTA, a leading sportswear brand in the mass market, we have not only strengthened its presence in the traditional street store channel, but also explored expansion opportunities in shopping malls and department stores. As at 30 June 2016, ANTA had a total of 8,510 stores, (including ANTA KIDS standalone stores) (end of 2015: 8,489). As for FILA, we are focusing on marketing in the first-tier market. As at 30 June 2016, FILA (including FILA KIDS standalone stores) had a total of 687 stores (end of 2015: over 640). In addition, we have expanded our e-commerce business in order to satisfy the greater desire from more and more online shoppers. This also brings a synergistic effect for our online and offline businesses.

We Follow the Tradition of Craftsmanship and March Ahead

In accordance with the “13th Five-Year Plan”, the Sport for All program has been upgraded to a national strategy. As such, we expect that the development and reform of sports industry will accelerate at a faster pace in China, and ultimately the scale and quality of the industry will be improved. With the gradual realisation of the government supportive policies to the development of sports industry, the industry is currently experiencing steady and healthy growth. We inherit the craftsmanship and continue to provide high-quality products to consumers in order to maintain our leadership in the industry. In pursuit of efficient multi-brand strategy and retail

management practices, we will strive to achieve our goal of becoming the nation’s top sportswear company with the best reputation and largest market share in China. We will continue to utilise our exclusive sponsorship resources and the influence of our endorsers to strengthen the equity and credibility of our brands. In addition, we will introduce more differentiated products cater to different consumers’ preferences and demands, so as to further reinforce our market share in different segments. Besides, DESCENTE has opened its first retail store in China in August, and will continue to expand its distribution network in the future. We will continue to improve the revenue of our stores through solidifying our leadership in the distribution network and optimising store sizes, locations, store decorations and product displays. We will also strategically expand our kids wear, e-commerce and FILA businesses in China to ensure that we fulfill the demands of online and offline consumers in each segment of the market.

On behalf of the Board of Directors, we would like to thank our shareholders for their continued support and express our deep appreciation to our invaluable employees. Going forward, we will endeavor to grow sustainably with our supply chain partners, brand partners, distributors and franchisees, ultimately creating even greater value for our shareholders.



Ding Shizong
Chairman

Hong Kong, 29 August 2016



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China Continues to Deepen Its Economic Restructuring

Against a complex backdrop of global economic trends, China continues to deepen its economic reform by shedding excessive inventory and capacity to improve its underlining economic structure. According to the National Bureau of Statistics, China's GDP has increased by 6.7% to RMB34,063.7 billion in the first half of 2016. In addition, the government has enacted a series of policies to stimulate consumption, resulting in a 10.3% growth in total retail sales of consumable goods nationwide.

In the first half of 2016, China's CPI has increased 2.1% year-on-year and the core CPIs within the period quarterly saw a slight increase of between 1.5% and 1.6%. The inflation was weaker than anticipated, and the pressure of economic downturn is still on. The government strives to seek a new engine for the growth of the Chinese economy with the latest program of "Mass Entrepreneurship and Innovation". This will generate sustainable growth in the long run, which will in turn help stimulate demands and keep a steady growth in GDP.

Leveraging on Comprehensive Brand Portfolio Model to Increase Market Share in Different Segments

In light of a rapidly changing and increasingly complex consumer market, China's sportswear industry faces both opportunities and challenges. In its early phases, the industry experienced

deficiencies, ranging from a lack of brand and product differentiation, aggressive store expansion and poor inventory management, which led to a series of market consolidation. Nevertheless, industry players have taken reform and relevant measures to turnaround the operation situation. Though the results may vary across different players, the industry is gradually recovering. In the last market consolidation, sportswear brands with solid operations demonstrated their core capabilities and advantages through effective brand positioning and marketing strategies, producing consumer-oriented products, implementing sound distribution networks and strong retail management practices. They also showcased their ability to manage cost-effective and efficient supply chains, technology and produce products with high level of differentiation. All of the above can help a brand stand out compared with its peers, delivering sustainable growth in the long run.

Although uncertainties still loom at the macroeconomic level, the market generally believes consumer demand for Chinese sportswear market will grow at a steady pace. Continued urbanisation, population growth spurred by the recent introduction of the two-child policy as well as increased interest in mass sporting activities due to the Olympics have stimulated the demand for functional, quality and cutting-edge designed sportswear products. Meanwhile, with year 2016 marking the first year of the "13th Five-Year Plan", China is enhancing its efforts to propose policies and measures in favour of the sports industry. For example, the State Council of the People's Republic of China has set the target of ensuring the ten years between 2015 and 2025 as "Golden Decade" for sportswear industry, and has issued the "Opinions on Accelerating the Development of Sports Industry and Promoting Sports Consumption" with the goal of building a sports market worths



over RMB5 trillion by 2025. Therefore, it is believed that well-known brands that are responsive to market changes, cost-effective and innovative in product design will gain the greatest market shares. Meanwhile, companies that pursue multiple brands and omni-channel strategies will be able to gain an even greater share of the market in the face of drastic changes in consumer demand and distribution network. During the period, ANTA has ranked number one in terms of market share in the travel and sports shoes segment in China for 15 consecutive years, proving again the popularity of our products. Moreover, ANTA KIDS, FILA, FILA KIDS and NBA brand have all made satisfactory progress, demonstrating the success of our multi-brand and omni-channel strategies in capturing important opportunities in both the mass and high-end markets.

Who We Are?

ANTA Sport Products Limited is a multi-brand company singly focusing on sportswear products

What Are Our Target Markets?

HIGH-END MARKET



DESCENTE

High-performance sportswear products for skiing, cross-training and running



FILA

Sports fashion clothing



FILA KIDS

Kid's sports fashion clothing

MASS MARKET



ANTA

Functional sportswear products for popular sports such as running, cross-training, basketball and soccer



ANTA KIDS

Kid's sportswear products



NBA Brand

Functional and casual basketball sportswear

What Retail Channels Do We Cover?



Online Stores



Street Stores

What Do We Do?

Supply Chain Management

-  In-House / Outsourced Production
-  Raw Material Procurement / Fabric Sourcing

Brand Management

-  Sponsorship / Endorsement
-  Advertising / Marketing
-  Store Image / Product Display

Product Management

-  R&D / Innovation
-  Design
-  Quality Control

Distribution Network Management

-  Distributorship / Retail
-  Monitoring of Store Operations via ERP System
-  E-commerce
-  Logistics
-  Big Data / Retail Analytics
-  Consumer Experience

 Shop-In-Shops (Shopping Malls and Department Stores)

 Outlet Stores

BUSINESS REVIEW

Single-Focus, Multi-Brand and Omni-Channel Management Model

We continue to implement our single-focus, multi-brand and omni-channel management strategy to deliver remarkable results and synergy paving the way for our success and long-term sustainable growth. In a fiercely competitive sportswear industry, our brands continue to have stellar reputations and lead the industry. Leveraging our multi-brand portfolio, we have successfully covered different distribution channels in China, including street stores, shopping malls, department stores, outlet stores and e-commerce, fulfilling the demands of a diverse set of consumers.

Our brands continue to generate synergy and to complement each other to strengthen our overall competitive edge in a fiercely competitive market. Each of our brands has its unique position and offers different types of products.

ANTA is a functional sportswear brand while ANTA KIDS specialises in the children's sportswear market. Both of them focus on the mass market. The NBA brand, a functional and leisure brand, concentrates on basketball-related sportswear. FILA focuses on high-end fashion sportswear market, while FILA KIDS provides high-end products for children. DESCENTE is a high-performance sportswear brand that focuses on the high-end market.

Brand Management

1. ANTA is a Value-for-Money Functional Sportswear Brand

ANTA is a functional sportswear brand which targets the mass market and is committed to providing consumers with value-for-money and professional sportswear. Leveraging its powerful sponsorship resources, brand awareness and R&D capabilities, ANTA has become one of the leading domestic brands in sports footwear, apparel and accessories in China, and has a strong advantage in running, cross-training and basketball products. Since the end of 2015, ANTA has penetrated the soccer market and has launched value-for-money and professional soccer gear to meet the growing demands.

Since 2009, ANTA has engaged in a strategic partnership with the COC and the CSD. During the Olympic cycles of 2009 to 2012 and 2013 to 2016, our high-quality winning outfits have often become the focal point in major sporting events. Moreover, ANTA has also sponsored 24 Chinese national teams within the five major sporting management centers, including water sports, winter sports, boxing and taekwondo, gymnastics and weightlifting, wrestling and judo. During competition and training, all members of these national teams were well-equipped with our professional sporting gear. Our strong alliance with the COC and the CSD have not only enhanced the credibility of our products but also further strengthened our brand image of representing China's sporting essence.

As a long-term partner of the COC, ANTA unveiled the "Go Surprise Yourself" marketing campaign with the aim of encouraging athletes to cease the monopoly of their opponents and keep breaking world records in the Rio



Olympics in Brazil. Through the “Go Surprise Yourself” campaign, ANTA hopes to promote the Olympic motto of “Faster, Higher, Stronger”; and to encourage every participant to challenge themselves, actively pursue and create their own legends through their experiences and stories. Based on the theme of “Go Surprise Yourself”, ANTA launched a real-time marketing campaign with the characteristics of swift, accurate and rigorous. The campaign also strengthened its brand association with the COC. The campaign used powerful visual effects and inspiring languages matching the preference of young consumers, in terms of design and copywriting. During the period, the readership of ANTA’s Weibo account on “Go Surprise Yourself” topics has exceeded 100 million, with related feeds generated more than 300,000 discussions. According to a poll on impact of the Rio Olympics Sponsorship conducted by Ipsos, the leading global research company, Olympics-related marketing campaigns contributed to a 17% increase in ANTA’s brand awareness, which demonstrated the success of our marketing strategies.

Furthermore, at the launch ceremony for the Champion Dragon Outfit for the CSD, ANTA worked with Samsung to create a virtual reality experience using the Samsung Galaxy S7 Edge smartphone and beta version of the Samsung Gear VR. The unique visual experience allows each attendee to watch the launch event as if it was taking place at the Rio Olympics Stadium the same time as they were watching the launch of the Champion Dragon Outfit. The use of mobile technology gave everyone a distinctive Olympic experience. ANTA placed advertisements on CCTV during the Rio Olympics, especially within the gymnastics and weightlifting competitions, which are more popular among Chinese viewers. Given the difference in time zone, the



finals in live broadcasts in the Rio Olympics usually happened at midnight in China. Apart from placing advertisements in traditional TV channels, ANTA also worked with various social media. For instance, ANTA inserted product placements and sponsored outfits for reporters in the Olympics News Room managed by Tencent and Sina. ANTA also launched a joint promotion campaign with Weibo to direct viewers to our e-commerce platforms to stimulate sales performance. Moreover, ANTA

integrated event marketing with various online platforms during the Olympics. For example, when China won its first gold medal, the ANTA official online flagship store released a “first medal” special edition T-shirt. Further to that, ANTA partnered with Tmall to launch the “ANTA-Tmall Super Brand Day” during which consumers participated in various interactive games and had a chance to win the Champion Dragon Outfit and Olympics designated products such as champion’s T-shirts.

MANAGEMENT DISCUSSION AND ANALYSIS



In addition, ANTA launched a series of new advertising campaigns for our cross-training product series, which were endorsed by renowned Chinese athletes such as two-time Olympic boxing gold medalist, Zou Shiming; Olympic trampoline champion, He Wenna, and artistic gymnastics athlete, Zhang Doudou etc. To make the marketing campaigns more effective and more interactive, ANTA leveraged our sponsorship resources and made use of various communication channels including social media to increase our brand and product awareness.

ANTA has sponsored the Olympic Day Run for eight consecutive years. At the event this year, ANTA launched the ANTA Intelligent Technology Plan to promote the ANTA running time APP and ANTA new Intelligent Running Shoes. The unique capabilities of these products have allowed ANTA to better connect with runners, which has ultimately heightened the public's awareness of our running products. During the period, ANTA not only supported the brand new "Challenge 100" event with renowned Chinese ultra-marathon runner, Chen Penbin, but also launched its upgraded ANTA "Challenge 100" functional running shoes to the running enthusiasts. Following the undertaking last year, the ANTA "Challenge 100" functional running shoes supported Chen Penbin's new journey across five cities namely Beijing, Shanghai, Xiamen, Shenzhen and Chongqing where he completed the 100 km challenge in each city. Meanwhile, around 20,000 runners were recruited into over 1,000 running teams to complete the 100 km relay in each city. It is worth mentioning that the champion teams of relay races from those five cities departed for Brazil in August together with Chen Penbin, and completed the final station of the "Challenge 100" event in Rio de Janeiro, the host city of the 2016 Olympics.

Meanwhile, the ANTA KT series continues to support Klay Thompson, the Golden State Warriors' sharpshooter. Since the launch of ANTA's KT series basketball shoes, the order volume has surpassed 650,000 pairs, making it the fastest growing NBA player-endorsed series amongst all ANTA products. The ANTA KT series was first launched in the fourth quarter of 2015 and recorded sales of around 150,000 pairs in 2015. In addition to the original KT1, special editions of KT series were introduced in tandem with the epic NBA Playoffs and Finals, and became instant hits. The KT series has received over 500,000 orders from the trade fairs in 2016 so far, an increase of approximately 240% year-over-year. The launch of the KT series was one of the endorsements in the limelight of a Chinese brand in recent

years and a bold move by Klay Thompson, who left a legacy brand for his namesake shoes. Later this year, ANTA will be introducing even more special editions of the KT series along with sequence of exciting promotional events, hoping to boost the sales of ANTA basketball products to a new level. ANTA is also proud of that Klay Thompson was selected to be a member of the US Olympic Basketball team. He wore ANTA's KT series for the Rio Olympics and helped the team win the gold medal.

China has placed an increased emphasis on the development of soccer and has launched a series of reforms to develop the soccer industry, with the aim of cultivating the quality and skills of young players. These initiatives are expected to create a strong pool of talents for soccer, improving the standards and accelerating the overall development of soccer in China. As such, ANTA launched the "PLAY IS ALL" soccer initiative in late 2015, which featured Zheng Zhi, the 2013 Asian Footballer of the Year and the captain of China's national soccer team, as the ambassador. The program is designed to encourage teenager participation in soccer and to drive the long term growth of soccer in China.

2. ANTA KIDS

In addition to maintaining our lead in the professional sportswear market for adults, ANTA KIDS has offered sportswear products for children since 2008 to tap the high growth potential in the China kids' sportswear market. Following the implementation of the two-child policy by the Chinese government, it is widely expected that the growth in kids market segment will accelerate. Currently, this market remains very fragmented and it is believed that well-established brands will have a distinct

advantage over less-developed new players. ANTA KIDS was the first domestic sportswear brand to enter this market and since then has proven to be very popular due to the strong credibility of our products and value-for-money. ANTA KIDS is well-positioned to take advantage of the huge opportunities in this market in the future.

ANTA KIDS is committed to offering the most fashionable, protective and comfortable products for children aged between 3 and 14. Apart from basketball, outdoor, cross-training and lifestyle series, ANTA KIDS has also included the "ANTA-NBA" co-branded series as part of our product portfolio since October 2014 when we established our partnership with the NBA China. These co-branded products feature trademarks of the NBA and some of its popular teams, which have been particularly popular among young basketball fans. In response to the government's participation and support for the development of youth soccer, ANTA KIDS entered the soccer market during the period to capture market potential and introduced well-designed and functional children soccer boots, which have been priced as low as RMB159. As more children demand value-for-money functional soccer gear in order to participate in the soccer classes in school and soccer competitions, the ANTA KIDS soccer series has achieved satisfactory results in terms of sales since its launch in the fourth quarter of 2015.

To ensure children enjoy their happy and healthy lives, our ANTA KIDS sportswear series not only fosters children aged 3 to 14 to develop a brand loyalty to us, but also satisfies a range of needs as they grow. ANTA KIDS has utilised the Internet and popular social media platforms to promote the quality of products and nurture



children's passion for sports through a series of promotional campaigns.

During the period, ANTA KIDS launched a series of in-store marketing campaigns across the country, which used our comprehensive and unique sports resources, such as our partnership with the NBA China, endorsements from NBA players and Chinese winning athletes, to enhance the influence of ANTA KIDS and the attractiveness of ANTA KIDS among parents and children.

MANAGEMENT DISCUSSION AND ANALYSIS

3. NBA Brand

At the end of 2014, ANTA became the official marketing partner of the NBA China and licensee of the NBA, allowing us to use the NBA logo as well as the logos of the current 30 NBA teams, NBA's legendary teams and NBA events on our basketball shoes and accessories. This is the first time for the NBA to launch co-branded products with a domestic sportswear brand. ANTA believes that our collaboration with NBA will enhance ANTA's professional brand image, influence in the basketball market and intensify loyalty to our brand.

In order to meet different needs of both adults and children, ANTA have launched a series of basketball shoes in partnership with the NBA, including the "League Series", which features the NBA logo, and the "Team Series", which was inspired by NBA team logos and incorporated their colour schemes into the design of the shoes. Apart from basketball shoes, we also launched NBA-themed accessories including backpacks, socks and wristlets etc.

"ANTA-NBA" co-branded basketball products are not only available at ANTA offline stores but also on ANTA's e-commerce platforms, which include ANTA's official online flagship store (anta.cn), Tmall (anta.tmall.com) and JD (anta.jd.com).

4. FILA and FILA KIDS

FILA was established in Italy in 1911. Since we acquired the FILA business in China in late 2009, FILA has been repositioned as a high-end sports fashion brand in the market. As a

global sportswear brand with over 100 years of history, FILA's unique combination of stylish and sporty image has gained awareness among the Chinese high-end consumers. Also, FILA launched cross-over cooperations with world-renowned designers to bring differentiated sports fashion experiences to the consumers.

FILA not only provides a series of high-end and stylish sportswear products, but it has also launched men's underwear, "FILA INTIMO" and "FILA Red", that uses cutting-edge materials and fabric made with state-of-the art technology, such as superlight cotton, poly-memory span and poly span icefil. FILA's crossover series includes "FILA Ginny", designed by renowned American fashion designer, Ginny Hilfiger, who integrates her simple, trendy yet elegant design style with FILA's "Modern Vintage" essence into the FILA Ginny Line. Since the end of 2015, FILA has cooperated with a New York-based Chinese American fashion designer, Jason Wu, to develop the "Jason Wu X FILA" collection, which has received a lot of acclaims from consumers. The design of the collection was inspired by the colours and stitching material of tennis sports, combining the elements of tennis with unique and meticulous tailoring. This design not only included elements of Jason Wu's personality, but also retained the Italian style of FILA, combining high-end fashion with sports. During the period, FILA collaborated with former Wimbledon champion, Marion Bartoli, to launch the "LOVE FILA" collection, bringing sportswear up to a new standard and creating a new trend in tennis sports. "LOVE FILA" attracted the attention of a number of international tennis stars before the official launch, and many



renowned athletes participating in several international tournaments wore this collection. On the other hand, with the aim of targeting the high-end children's market, FILA also launched FILA KIDS in 2015 which inherits the elegant and unique style of FILA. The new line attracted significant attention in the high-end market.

FILA is renowned for combining sponsorship resources with different promotion channels in



order to strengthen the influence of the brand. In addition to utilising celebrity endorsements and product placements on multiple promotion channels, FILA also sponsored CCTV5 Rio Olympics reporting team, providing support to CCTV5 journalists between stadiums and arenas during the Rio Games. The reporting crew, dressed in FILA-products, showcased the outstanding attitude and groomed appearance and delivered timely, comprehensive and compelling news coverage of the Rio Olympics. FILA is also the official sponsor of sportswear uniform for the Hong Kong Olympic squad of China during the Rio Olympics and the official sportswear partner of the Hong Kong Table Tennis Association. All of these partnerships have created opportunities for FILA to showcase its tradition and unique style, attracting consumers' attention at major international sporting events.

5. DESCENTE

Founded in 1935 in Osaka, Japan, DESCENTE has over 80 years of experience in high-performance sportswear, incorporating cutting-edge technology, fabric, quality and fit that is second to none. Driven by passion and persistence, the origins of brand name and logo came from long-term interest in skiing. "Descente" means downhill skiing in French and the logo represents the three basic skiing techniques of schussing, traversing and sliding. DESCENTE has led the ski industry in expertise,

functionality and innovation for more than 50 years, resulting in its competition gears being worn by many gold medal-winning national ski teams and becoming the preferred choice for professional skiers in Europe, North America and Asia. The brand has applied its extensive knowledge to develop a broad range of premium and functional sportswear products. In 2010, DESCENTE launched the outdoor series to redefine the meaning of "outdoor activities". With the perfect synchronisation of professionalism and cutting-edge designs, the products are breathable and water-proof at the same time, creating the best sportswear for outdoor activities. In addition to ski and outdoor collections, DESCENTE's series include Allterrain, Golf, Training, and Summer and Winter premium sports lifestyle options for Men and Women.

During the period, we entered into an agreement to form the JV Group with DGR and ITOCHU, operating and engaging in the business of design, sale and distribution of all categories of products bearing the "DESCENTE" trademarks in China on an exclusive basis. DESCENTE provides premium sportswear products related to skiing, cross-training and running etc., in China. We are confident that DESCENTE will become a successful sportswear brand in China to meet the demand of a fast-growing niche in the market ahead of the 2022 Beijing Winter Olympics.

MANAGEMENT DISCUSSION AND ANALYSIS

Distribution Network Management

1. Omni-Channel Management

With a retail-oriented strategy, we have successfully improved our retailers' competitiveness, store efficiency and responsiveness to the ever-changing market. During the period, we have optimised our retail management capability. We enhanced our retail channels, including street stores, shopping malls, department stores, outlet stores and e-commerce platforms in China in accordance with the characteristics of consumers of different brands.



Through offering professional and value-for-money sportswear products, ANTA has established a nationwide distribution network with a strong competitive advantage in second- and third-tier cities. In order to match the shopping behaviors of targeted consumer groups, most ANTA stores are operated in a street store format. Meanwhile, we are also actively grasping opportunities through expanding our presence in large shopping malls and department stores. Furthermore, 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 implementation of the two-child policy. In view of the promising opportunities in this market, we introduced ANTA KIDS which targets children aged 3 to 14 in the mass market with our value-for-money and comfortable products. ANTA KIDS stores also focus on second- and third-tier cities.

While the mass market is expected to grow rapidly, the potential of the high-end market should not be overlooked. High-end consumers tend to pay attention to details and prefer personalised products; as such, FILA has created a platform to capture the high-end sportswear market. With the view of targeting the high-end children's market, FILA has launched FILA KIDS since 2015. FILA KIDS continued to gain awareness in high-end market through incorporating the unique style and grace of FILA into FILA KIDS products. FILA and FILA KIDS' stores are mainly operated at first- and second-tier cities, and located in shopping malls and department stores.

The sustainable growth of our distribution network, as well as quality of stores, including the location, size, efficiency and decorations

are more important than the number of stores. Hence, we have restructured smaller size and less efficient stores while opening larger and more attractive stores in prime locations so as to improve our overall store efficiency. As at 30 June 2016, the total number of ANTA stores (including ANTA KIDS standalone stores) was 8,510 (end of 2015: 8,489). FILA (including FILA KIDS standalone stores) had a total of 687 stores (end of 2015: over 640).

2. Improving Retail Management Capability

To capture market opportunity, we have adopted comprehensive retail-oriented strategies towards all brands.

First of all, we have established a 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. Hence, we emphasis 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.

Secondly, our retail data and market information are shared with our 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.

Thirdly, we strive to provide precise order guidelines to retailers to prevent inventory pile-up. We believe that healthy inventory levels can avoid deep discounts, stabilise retailers' profitability and ensure sustainability. Therefore, we aim to 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 placing replenishment orders so as to reduce their inventory risks. At the same time, our well-managed clearance channels, including outlet stores and e-commerce platforms enable our distributors to reduce inventory pressure at a faster pace.

Forthly, we strictly require all of our retailers to follow our retail-related policies. In order to strengthen their competitiveness and profitability, we thoroughly examine our retailers' store opening plans and ensure that strict retail policies are implemented. We insist on maintaining a consistent store image across our nationwide distribution network and standardisation of product display equipment and pop materials which highlight the quarterly marketing themes. During the period, we continued to encourage retailers to upgrade their store layouts in line with our latest store image.

Fifthly, we help retailers' to optimise their operating performance and store efficiency. We have adopted a flattened sales management system and have streamlined our distribution structure so as to facilitate our interaction with retailers. Through our comprehensive monitoring system, including real-time ERP system, weekly



reports submitted by our POS and channel checks by our sales teams, we are able to closely monitor retailers' performance and carry out immediate measures to help improve the operational efficiency of the retail stores.

Sixthly, our brands reach the ultimate customers through nationwide distribution network. The seventh-generation store layout helps showcase our distinctive brand image. With the renovation and upgrade of our stores in progress, we will be able to offer customers a more pleasant shopping experience, thus increasing the sales and store efficiency. Store decorations and promotional materials such as in-store posters and product display equipment are provided to retail stores to highlight the marketing themes and product story of the season. During the period, we also further optimised our visual merchandising to put our signature products in the spotlight.

3. E-commerce Business

Our e-commerce business achieved explosive growth which is a result of rapid development of the e-commerce industry. Since the launch in 2009, our e-commerce business has offered in-season products and online exclusive products for ANTA, ANTA KIDS, FILA, FILA KIDS and NBA brand. Our e-commerce business has already become a comprehensive and interactive platform which makes online shopping experiences more convenient, ensures reliable delivery and also offers great after-sales

services. In addition to our official online flagship store (anta.cn), we have collaborated with renowned e-commerce platforms, including Tmall, JD and Vipshop etc. In particular, we have strengthened our cooperation with Tmall, which has boosted our online sales and expanded our market influence. Meanwhile, under our strict sales guidelines and policies, we allow authorised third party online retailers to open and sell our products on web stores. We have also allowed some of our most outstanding offline distributors to sell products online, aiming to maximise mutual benefits between web-based and brick-and-mortar stores.

With the help of our experienced online sales team, we strive to attract more online shoppers. Hence, we have optimised our e-store interface, improved product descriptions and presentations, as well as enhancing our product search and cataloging functions. We have standardised all of our online product launch schedules, priorities and styles, which has created synergy and prevented competition between online and offline retailers. In addition, we provide all-round customer services, including secure payments, well-established supply chains, fast and reliable delivery services, VIP membership and product return guarantees. Positive feedbacks from our customers contributed 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.

MANAGEMENT DISCUSSION AND ANALYSIS



Supply Chain Management

Effective supply chain management plays an important role in achieving sustainable growth. As such, we pay attention to product innovation, quality control, as well as the responsiveness and cost-effectiveness of our supply chain. During the period, we have strived to enhance our R&D and supply chain capabilities with the aim of achieving greater product differentiation. According to the “2016 China Consumer Market Development Annual Conference and Goods Sales Statistics”

released jointly by the China General Chamber of Commerce and the China National Commercial Information Center, our travel and sports shoes have ranked first in terms of market share for 15 consecutive years. This outstanding achievement showcases our success in developing a mass-market brand whose products continue to attract consumers across China.

Our close ties with quality OEMs and ODMs, as well as our in-house manufacturing facilities allow us to meet unexpected replacement orders in a timely and cost-effective manner. Also, we have further strengthened our supply chain to shorten the production lead time in order to better satisfy consumer demand. Moreover, we fully support our supply chain partners to enhance their quality control and workflow efficiency, as well as improving their responsiveness to market changes.

We strategically adjust the mix between in-house production and outsourced production in order to better respond to market conditions and changes in consumer preferences. To be more flexible in fulfilling last minute orders and to maintain our cost competitiveness, we have further optimised our production efficiency. During the period, ANTA's proportions of self-produced footwear and apparel to procured footwear and apparel were 40.9% and 17.3% respectively (20151H: 47.6% and 15.2%).

Product Management

We believe technological innovation and cutting-edge designs are key elements to enhance product differentiation. During the period, our R&D cost was 4.4% of our cost of sales. This illustrates our ongoing attention paid to product innovation. Leveraging our strong R&D capability, we upgraded our key technologies such as A-Jelly, A-Silo, SuperFlexi and A-Loop, as well as launching A-Web 3.0 technology which

provides better cooling and ventilation in shoes, meeting the changing needs of both professional and casual users. In addition, we launched the Intelligent Technology Plan in cooperation with top technology company, Foxconn and introduced new features such as the ANTA running time APP and ANTA Intelligent Running Shoes. These products can monitor runners' movements accurately and provide consumers with an enhanced running experience. The APP is connected to a chip in the shoes via Bluetooth. In addition to the basic functions such as GPS positioning, recording distance, time, pace and energy consumed, it also provides analysis of running postures such as feet striking, stride analysis, pronation and supination, time diagrams, force analytics and height from the ground. These functions will reduce the runner's chance of getting hurt and improve performance. The ANTA Intelligent Running Shoes showcase the latest A-WEB technology providing breathability and a better fit. The shoe sole uses cutting-edge A-SILO technology to reduce stress on the runner's feet, creating a cushioning effect, and the chip used in the ANTA Intelligent Running Shoes can collect different types of running statistics in real time. At a retail price of RMB369, the ANTA Intelligent Running Shoes were mostly welcome by consumers as they allow consumers to enjoy a high-tech sports experience at an affordable cost.

In addition, the “Challenge 100” functional running shoes have been upgraded with the latest one-piece design to the vamp, offering the ultimate comfort to ultra-long distance runners. At the same time, South-American style Rio camouflage colours are featured in the latest design of the “Challenge 100”, paying tribute to the Rio Olympics. The upgraded “Challenge 100” functional running shoes have already been launched in the market so the runners can enjoy this new experience.

Quality Control

Our efficient retail-oriented strategy helps us to control the development of retail channels, and explore more recognisable and popular products for consumers. We believe that offering comfortable and protective high-quality products to consumers is one of our competitive advantages in gaining market share. Therefore, we endeavor to improve our quality control capability throughout the entire manufacturing process at both our own factories and our suppliers' production facilities. Not only do we require our factories to adopt the international ISO testing standards, but we also require our suppliers to implement relevant standards so as to ensure full compliance of the quality standards for all our products. Meanwhile, we have been using our industry experience to enhance national policies and industry standards by cooperating and communicating with government authorities and external organisations. During the period, we participated in the meetings conducted by the National Footwear Standardisation Technology Committee, the National Garment Standardisation Technology Committee and the National Sporting Goods Standardisation Technology Committee, in order to contribute our perspectives on industrial standards formulation.

We have implemented a strict "Product Recall Management System" as a reference for our staff so as to prevent adverse effects resulting from selling problematic products. For products that failed to comply with regulatory requirements, failed to pass the internal tests, or with a defect rate of over 5%, we will ask our distributors to takedown the products from their shelves and recall the products within one working day. Employees are forbidden to deal with defective products on their own.





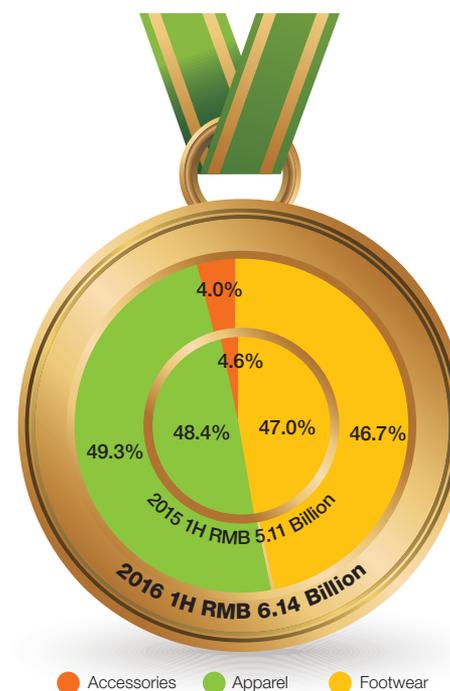
FINANCIAL REVIEW

Revenue Breakdown by Product Category

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

Six months ended 30 June					
	2016		2015		Changes (%)
	(RMB million)	(% of revenue)	(RMB million)	(% of revenue)	
Footwear	2,866.9	46.7	2,400.5	47.0	↑ 19.4
Apparel	3,027.2	49.3	2,471.5	48.4	↑ 22.5
Accessories	248.6	4.0	237.8	4.6	↑ 4.5
Overall	6,142.7	100.0	5,109.8	100.0	↑ 20.2

During the financial period, the Group's revenue increased by 20.2% as compared with the same period of 2015. The growth rate is higher than the growth rate of the order value of 2016 first half trade fairs for ANTA branded products as announced before due to the stronger pace of growth in other businesses.



Gross Profit and Gross Profit Margin Breakdown by Product Category

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

Six months ended 30 June						
	2016		2015		Changes (% point)	
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)		
Footwear	1,293.6	45.1	1,099.5	45.8	↓ 0.7	
Apparel	1,558.6	51.5	1,192.8	48.3	↑ 3.2	
Accessories	89.0	35.8	89.7	37.7	↓ 1.9	
Overall	2,941.2	47.9	2,382.0	46.6	↑ 1.3	

Due to the successful implementation of the multi-brand strategy, the Group's overall gross profit margin for the financial period improved as compared with the same period of 2015. As we strategically launched more value-for-money high-performance footwear products, the overall footwear gross profit margin dropped by 0.7% point. On the other hand, as a result of the higher contribution from the FILA business, the overall apparel gross profit margin increased by 3.2% point.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin



Other Net Income

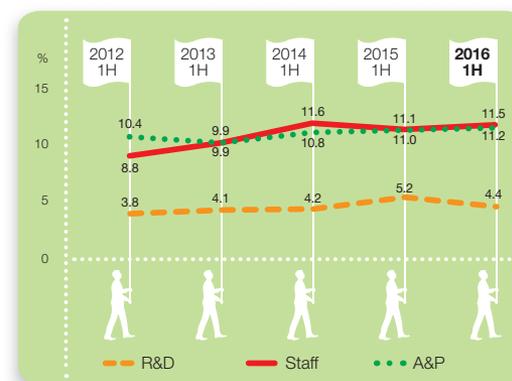
Other net income for the financial period amounted to RMB107.1 million (2015: RMB109.2 million), which mainly comprised of government grants of RMB112.6 million (2015: RMB116.7 million). The government grants were provided to the Group as a recognition of contribution towards the local economic development.



Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue increased by 0.2% point for the financial period due to the increased advertising and marketing expenditures during the Olympic year. The ratio of staff costs to revenue increased by 0.4% point mainly due to the expansion of FILA retail operation and the increase in the Group's headcounts. The ratio of R&D costs to cost of sales decreased by 0.8% point, mainly due to the increase in cost of sales.

Operating Expenses Ratios



Operating Profit Margin

Operating profit margin decreased by 0.6% point to 24.2% for the financial period, which was mainly due to the increase in selling and distribution expenses as a result of the increased advertising and marketing expenditures and the expansion of FILA retail operation. Moreover, the increase in administrative expenses also resulted in the decrease in operating profit margin.

Operating Profit Margin



Net Finance Income

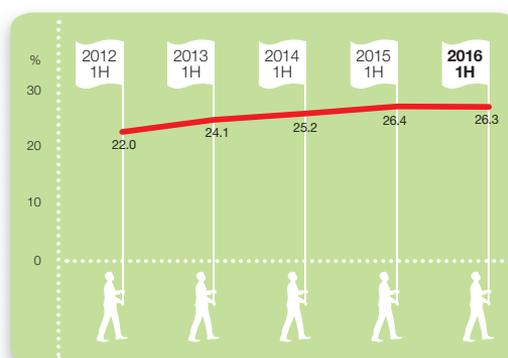
Interest income for the financial period amounted to RMB70.2 million (2015: RMB108.4 million). Such decrease was mainly driven by the decrease in average interest rate of bank deposits and other current financial assets during the financial period.

Interest expense on bank loans amounted to RMB21.6 million (2015: RMB12.9 million) for the financial period. Such increase was mainly due to the increase in average interest rate of bank loans during the financial period.

Effective Tax Rate

Effective tax rate was 26.3% for the financial period (2015: 26.4%).

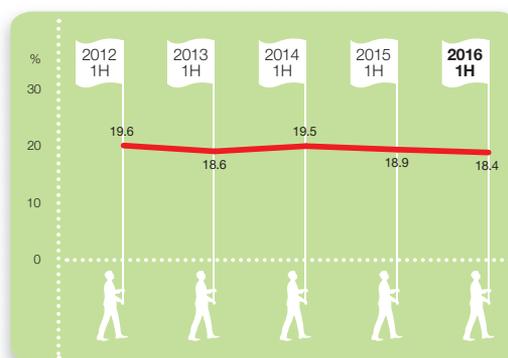
Effective Tax Rate



Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 0.5% point to 18.4% for the financial period, which was mainly due to the decrease in operating profit margin.

Margin of Profit Attributable to Equity Shareholders



Write-down of Inventories

During the financial period, the write-down of inventories amounting to RMB1.1 million was charged to profit or loss (2015: reversal of write-down of inventories amounting to RMB10.8 million was credited to profit or loss).

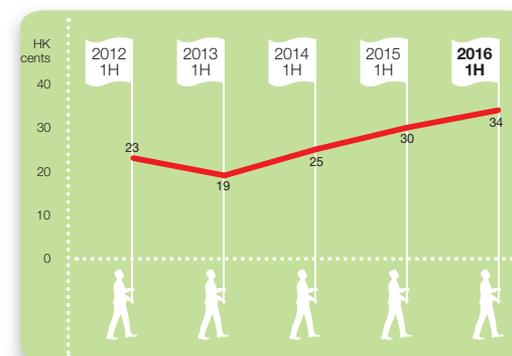
Provision for Doubtful Debts

During the financial period, the provision for doubtful debts amounting to RMB1.3 million was charged to profit or loss (2015: RMB9.7 million).

Dividends

The Board has declared an interim dividend of HK34 cents per ordinary share in respect of the financial period, representing a payout of RMB736.2 million (2015: RMB622.3 million), or a distribution of 65.2% (2015: 64.5%) of the current period's profit attributable to equity shareholders.

Interim Dividend Per Ordinary Share



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2016, the cash and cash equivalents of the Group amounted to RMB5,463.2 million, representing an increase of RMB297.3 million as compared with the cash and cash equivalents of RMB5,165.9 million as at 31 December 2015. This is mainly attributable to:

- Net cash inflows from operating activities amounted to RMB1,098.5 million, which was nearly equal to the profit for the period, representing the strong cash generation capacity of the Group.
- Net cash inflows from investing activities amounted to RMB17.8 million, including mainly capital expenditures of RMB372.9 million (including prepayment for purchase of property, plant and equipment of RMB202.0 million), net uplift of fixed deposits held at banks with maturity over three months of RMB206.1 million and the decrease in other financial assets of RMB175.5 million.
- Net cash outflows from financing activities amounted to RMB816.5 million, mainly including the payment of the final and special dividends in respect of the financial year 2015 amounting to RMB801.4 million, the net proceeds from issue of bills of exchange amounting to RMB391.4 million, the net repayment of bank loans amounting to RMB392.3 million and the payments of interest expense on bank loans amounting to RMB15.8 million.

As at 30 June 2016, total assets of the Group amounted to RMB12,983.4 million, of which current assets were RMB10,324.1 million. Total liabilities and non-controlling interests were

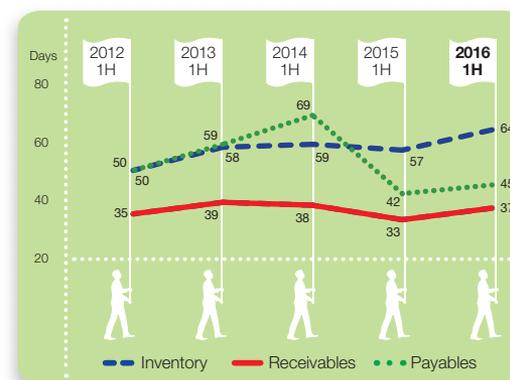
RMB4,076.9 million and total equity attributable to equity shareholders of the Company amounted to RMB8,906.5 million. The Group's gearing ratio was 11.1% as at 30 June 2016 (as at 31 December 2015: 11.4%), being a ratio of sum of bank loans of RMB937.7 million (as at 31 December 2015: RMB1,330.0 million) and bills payable of RMB500.0 million (as at 31 December 2015: RMB100.0 million) to total assets. Such bank loans (at fixed rate) and bills payable were denominated in Renminbi and repayable within one year.

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 7 days mainly due to the increase in overall inventories as a result of the expansion of FILA retail operation. The average trade receivables turnover

days and the average trade payables turnover days increased by 4 days and 3 days respectively, both of which remained at relatively normal levels.

Assets/Liabilities Turnover Days



	2016 (RMB million)	2015 (RMB million)
Six months ended 30 June		
Operating cash inflow	1,098.5	1,146.9
Capital expenditures	(372.9)	(194.4)
Others	1.2	–
Free cash inflow	726.8	952.5
As at 30 June		
Cash and cash equivalents	5,463.2	4,453.1
Fixed deposits held at banks with maturity over three months	1,158.9	1,625.0
Pledged deposits	194.6	210.4
Other current financial assets	–	350.0
Bank loans	(937.7)	(1,032.9)
Bills payable	(500.0)	–
Net cash and cash equivalents	5,379.0	5,605.6

Pledge of Assets

As at 30 June 2016, the Group had bank deposits of RMB194.6 million (as at 31 December 2015: RMB202.5 million) pledged to secure bankers' documentary credits for certain contracts and construction projects.

Capital Commitments and Contingencies

As at 30 June 2016, the Group had capital commitments of RMB220.5 million, primarily relating to the expansion of facilities and the maintenance of information management systems.

As at 30 June 2016, the Group did not provide any form of guarantee for any company outside the Group. The Group is not involved in any current material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Financial Management Policies

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

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. During the financial period, the Group has made no significant investments or any material acquisition or disposal of subsidiaries.

Other Supplementary Information

On 20 April 2016, we entered into an agreement with DGR and ITOCHU to form the JV Group. After the interim period, the formation of the JV Group has been completed and the Group has contributed RMB150.0 million to the initial share capital of the JV Group, representing 60% interests of it.



PROSPECTS

2016 is the first year of China's "13th Five-year Plan". The government has been supporting the development of the Chinese sports industry by launching policies and measures. The State Council of China has upgraded the Sport For All program to become part of the "National Strategy", aiming to build a sports market exceeding RMB5 trillion by 2025. 2016 is also the Olympics year that happens every four years. This will encourage sport participation by the general public, thus driving a growing demand for sportswear products. However, a single brand is hard to satisfy the diversified consumers demands. Through the implementation of our single-focus, multi-brand and omni-channel strategy, we have gradually enhanced our capabilities in managing multi brands and retail management. This allows us to maximise the equity of each brand successfully through product differentiation, effective distribution networks and supply chains management. Therefore, we are able to outperform in the competitive sportswear industry in China which leads to a long-term sustainable growth. In addition, besides the potential in traditional street stores, there are market opportunities in department stores, shopping malls, outlet stores and e-commerce channels resulted in the change in distribution channel and consumers' shopping behaviors. Therefore, we will continue to leverage our multi-brand portfolio including ANTA, ANTA KIDS, FILA, FILA KIDS, DESCENTE and NBA brand to maximise their influences in different channels. Our goal is to become the top sportswear company in China in terms of both brand desirability and market share, and a respectable and sustainable world-class sportswear company in the long run.

Strengthening Multi-Brand Management Capability and Enhancing Credibility of Each Brand

Our multi-brand strategy is one of our most important strategies for capturing the market potential of each market in China. By integrating our sponsorship resources, advertisements and distinctive store image, we showcase each brand's differentiation according to the market positions of each brand so as to maximise sales. For example, during the recent Rio Olympics, members of the CSD, the Hong Kong's Olympic squad of China, as well as the CCTV5 Rio reporting team, all wore ANTA and FILA branded outfits which have drawn the attention from local and global consumers. ANTA and ANTA KIDS will continue to strengthen their market positions in the mass market through a range of sponsorships, while FILA and FILA KIDS will work with various fashion icons and media channels to promote their unique styles. DESCENTE, a high-performance sportswear brand which recently joined, will soon release a series of marketing campaigns featuring high-quality and functional products to grasp opportunities in the high-end market. In addition, we will continue to optimise our brand portfolio and look for other well-established brands that can provide us with the best synergy.

Focusing on Enhancing Consumer Experience and Differentiation of Our Products

Through utilising our R&D resources, partnerships with renowned designers, innovative technologies and our craftsmanship, we will continue to deliver

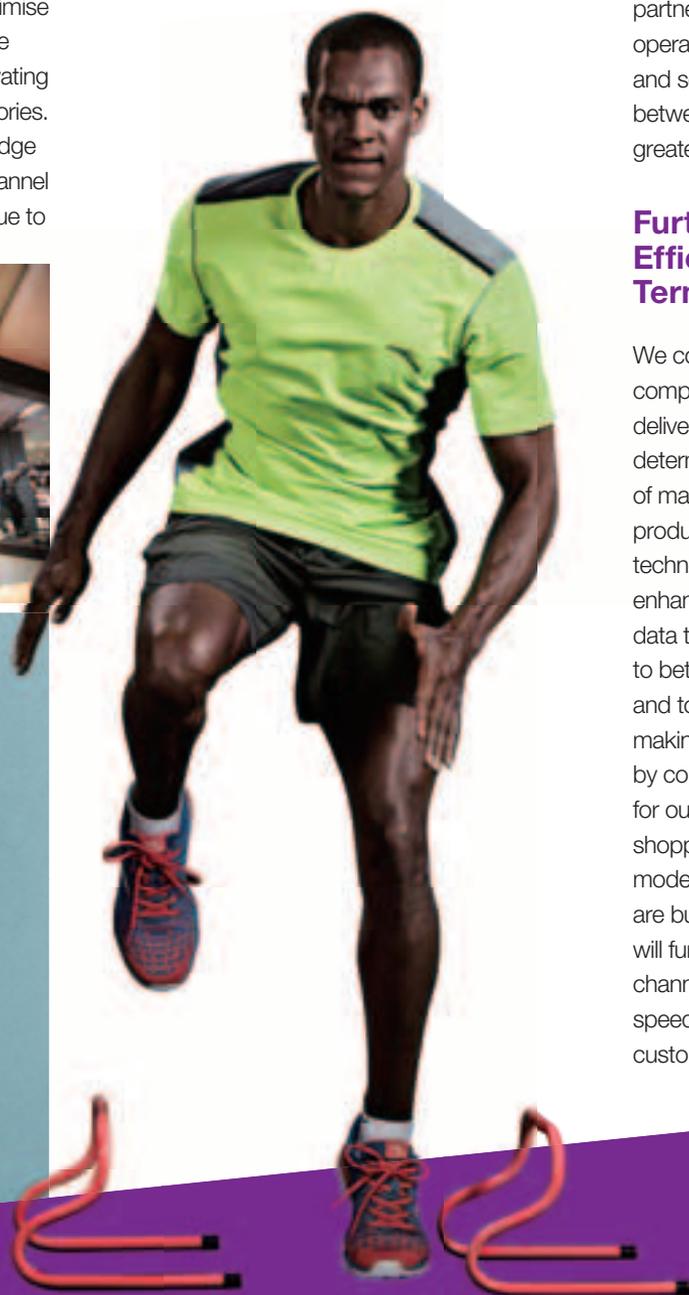
excellent products in order to meet the specific needs of various types of customers. In addition to our R&D centers in China, we have established a design center in Japan and added a Chief designer for ANTA who came from a reputable international brand and will design products for the coming seasons. These can help improve comfort and offer all-round protection, creating a better sporting experience for our customers. Meanwhile, we are planning to set up a design center in US, which will further enhance our capabilities in innovation and original designs. Since the launch of our ANTA Running Time APP and ANTA Intelligent Running Shoes, we have focused on advancing our technological capability. Going forward, we will develop more smart products that can fully made use of the app and the online platform to enable our consumers to enjoy healthy and professional sporting experiences. In the meantime, Klay Thompson's outstanding performance with the Golden State Warriors has made the ANTA KT series to become one of the best selling shoes series of ANTA in China. In the coming NBA season, Klay Thompson will showcase the upgraded KT series and promote the quality of ANTA's basketball shoes. On the other hand, FILA and FILA KIDS will introduce fashionable products and continue to partner with renowned designers and celebrities to launch unique crossover products. DESCENTE, which uses cutting-edge technology and supreme fabrics to produce clothes of exceptional quality and fit, will continue to sell in its retail shops in China. We will continue to satisfy the demands of consumers thoroughly by focusing on their shopping experience in both the online and offline platforms.

Optimising Our Omni-Channel Strategy to Improve Retail Management Capability

In order to maintain the long-term sustainability of all our retail channels, we will continue to implement retail-oriented strategy to help our retailers maximise profitability and enhance store efficiency. These include adopting the latest store layouts, renovating stores, and manage orders and in-store inventories. We will leverage our multi-brand competitive edge to increase our influence in each distribution channel so as to increase market share. We will continue to



prioritise store efficiency and open more attractive stores in prime locations. At the end of 2016, we expect to have a total of 8,600 – 8,700 ANTA stores (including ANTA KIDS standalone stores) and a total of 700-750 FILA stores (including FILA



KIDS standalone stores). Meanwhile, our newly added DESCENTE has opened the first store in China in August and is expected to reach five to ten stores at the end of 2016. In light of the strong growth on e-commerce platforms, we will introduce more online exclusive products, enhance our partnerships with popular e-commerce platform operators and utilise the power of big data analytics and social media marketing to build synergy between online and offline stores so as to achieve greater win-win outcomes.

Further Improving Operational Efficiency and Promoting Long-Term Sustainable Development

We consider operational efficiency and cost competitiveness to be important elements in delivering sustainable growth. Therefore, we are determined to focus on the cost effectiveness of marketing and R&D, as well as optimising production capacity and applying production technology to lower cost. In the future, we will enhance the collection and analysis of real-time data through upgrading our ERP system so as to better monitor the performance of retailers, and to identify consumer demands for tailor-making products that are more well-received by consumers. In view of the growing demands for our brands and strong popularity of online shopping, we have employed the factory-to-store model to maximise efficiency. In the meantime, we are building an automated logistics base which will further support our multi-brand and omni-channel strategy, enabling us to improve shipment speed and to meet the unexpected needs of our customers.



TEAM

WE ARE
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REVIEW REPORT OF THE AUDITORS



Review Report to the Board of Directors of

ANTA Sports Products Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 34 to 49 which comprises the condensed consolidated statement of financial position of ANTA Sports Products Limited as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

29 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue	3	6,142,693	5,109,817
Cost of sales		(3,201,494)	(2,727,843)
Gross profit		2,941,199	2,381,974
Other net income		107,075	109,165
Selling and distribution expenses		(1,261,011)	(990,528)
Administrative expenses		(299,003)	(233,729)
Profit from operations		1,488,260	1,266,882
Net finance income	4	88,445	73,942
Profit before taxation	5	1,576,705	1,340,824
Taxation	6	(414,500)	(354,327)
PROFIT FOR THE PERIOD		1,162,205	986,497
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		(2,490)	(29,883)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,159,715	956,614
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,129,189	965,269
Non-controlling interests		33,016	21,228
PROFIT FOR THE PERIOD		1,162,205	986,497
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		1,126,699	935,386
Non-controlling interests		33,016	21,228
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,159,715	956,614
Earnings per share	7	RMB cents	RMB cents
– Basic		45.15	38.65
– Diluted		45.05	38.57

The accompanying notes form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 19(i).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	30 June 2016 RMB'000	31 December 2015 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	1,128,124	1,121,191
Construction in progress	9	96,678	44,544
Lease prepayments	10	299,191	303,031
Intangible assets	11	489,725	464,138
Prepayment for purchase of property, plant and equipment		202,041	–
Prepayments for acquisition of land use rights		255,822	255,822
Other financial assets		49,350	24,875
Deferred tax assets	18(b)	138,441	131,656
Total non-current assets		2,659,372	2,345,257
Current assets			
Inventories	12	1,243,996	1,016,128
Trade and other receivables	13	2,263,443	2,207,186
Other financial assets		–	200,000
Pledged deposits	14	194,576	202,526
Fixed deposits held at banks with maturity over three months	15	1,158,888	1,365,000
Cash and cash equivalents	15	5,463,169	5,165,859
Total current assets		10,324,072	10,156,699
Total assets		12,983,444	12,501,956
Current liabilities			
Bank loans	16	937,706	1,330,000
Trade and other payables	17	2,553,592	1,989,893
Amounts due to related parties	22(b)	6,518	8,983
Current taxation	18(a)	218,528	234,386
Total current liabilities		3,716,344	3,563,262
Net current assets		6,607,728	6,593,437
Total assets less current liabilities		9,267,100	8,938,694

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	30 June 2016 RMB'000	31 December 2015 RMB'000 (audited)
Non-current liabilities			
Long-term payable to non-controlling interests — unsecured and at amortised cost		40,683	38,706
Deferred tax liabilities	18(b)	52,295	85,745
Total non-current liabilities		92,978	124,451
Total liabilities		3,809,322	3,687,713
Net assets		9,174,122	8,814,243
Equity			
Share capital	19	242,589	242,579
Reserves	19	8,663,940	8,337,087
Total equity attributable to equity shareholders of the Company		8,906,529	8,579,666
Non-controlling interests		267,593	234,577
Total liabilities and equity		12,983,444	12,501,956

The accompanying notes form part of this interim financial report.



Ding Shizhong
Chairman and Chief Executive Officer



Lai Shixian
Chief Operating Officer



Lam Jim
Chief Financial Officer

Hong Kong, 29 August 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company									Total equity
		Share capital	Share premium	Capital reserve	Statutory reserve	Exchange reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 19(a)	Note 19(b)	Note 19(c)	Note 19(d)	Note 19(e)	Note 19(f)				
	Balances as at 1 January 2015	242,238	345,732	141,029	575,328	(310,048)	37,208	6,763,670	7,795,157	209,423	8,004,580
	<i>Changes in equity for the six months ended 30 June 2015:</i>										
	Profit for the period	-	-	-	-	-	-	965,269	965,269	21,228	986,497
	Other comprehensive income for the period	-	-	-	-	(29,883)	-	-	(29,883)	-	(29,883)
	Total comprehensive income for the period	-	-	-	-	(29,883)	-	965,269	935,386	21,228	956,614
	Dividends approved in respect of the previous year	19(i)	-	-	-	-	-	(711,450)	(711,450)	-	(711,450)
	Shares issued pursuant to share option schemes	19(a)	111	16,110	-	-	(3,223)	-	12,998	-	12,998
	Appropriation to statutory reserve		-	-	29,685	-	-	(29,685)	-	-	-
	Dividend to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	(22,500)	(22,500)
	Balances as at 30 June 2015	242,349	361,842	141,029	605,013	(339,931)	33,985	6,987,804	8,032,091	208,151	8,240,242
	Balances as at 1 January 2016	242,579	397,476	141,029	622,546	(274,027)	26,741	7,423,322	8,579,666	234,577	8,814,243
	<i>Changes in equity for the six months ended 30 June 2016:</i>										
	Profit for the period	-	-	-	-	-	-	1,129,189	1,129,189	33,016	1,162,205
	Other comprehensive income for the period	-	-	-	-	(2,490)	-	-	(2,490)	-	(2,490)
	Total comprehensive income for the period	-	-	-	-	(2,490)	-	1,129,189	1,126,699	33,016	1,159,715
	Dividends approved in respect of the previous year	19(i)	-	-	-	-	-	(801,374)	(801,374)	-	(801,374)
	Shares issued pursuant to share option schemes	19(a)	10	1,953	-	-	(425)	-	1,538	-	1,538
	Appropriation to statutory reserve		-	-	40,884	-	-	(40,884)	-	-	-
	Balances as at 30 June 2016	242,589	399,429	141,029	663,430	(276,517)	26,316	7,710,253	8,906,529	267,593	9,174,122

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Operating activities:			
Cash generated from operations		1,467,857	1,360,006
Income tax paid		(470,593)	(348,559)
Interest received		101,212	135,466
Net cash generated from operating activities		1,098,476	1,146,913
Investing activities:			
Capital expenditures paid		(372,934)	(194,356)
Net uplift/(placement) of fixed deposits held at banks with maturity over three months		206,112	(525,000)
Decrease in other financial assets		175,525	180,025
Other cash flows derived from investing activities		9,132	38
Net cash received from/(used in) investing activities		17,835	(539,293)
Financing activities:			
Net repayment of bank loans		(392,294)	(315,372)
Payments of interest expenses on bank loans		(15,807)	(21,887)
Net proceeds from issue of bills of exchange		391,426	–
Dividends paid to equity shareholders of the Company	19(i)	(801,374)	(711,450)
Other cash flows derived from financing activities		1,538	(9,635)
Net cash used in financing activities		(816,511)	(1,058,344)
Net increase/(decrease) in cash and cash equivalents		299,800	(450,724)
Cash and cash equivalents as at 1 January		5,165,859	4,933,742
Effect of foreign exchange rate changes		(2,490)	(29,883)
Cash and cash equivalents as at 30 June	15	5,463,169	4,453,135

The accompanying notes form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34, *Interim Financial Reporting*, (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes, if any, that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes which do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements.

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

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to International Financial Reporting Standards (“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.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE

The principal activities of the Group are manufacturing, trading and distribution of sporting goods including footwear, apparel and accessories in the PRC. No segment information is presented for the Group's business segment as the Group is principally engaged in a single line of business of sporting goods.

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

The Group's operations are not subject to significant seasonal factors.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax, which may be analysed as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Footwear	2,866,880	2,400,476
Apparel	3,027,196	2,471,557
Accessories	248,617	237,784
	6,142,693	5,109,817

For the six months ended 30 June 2016, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2015: Nil).

4 NET FINANCE INCOME

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interest income	70,227	108,371
Net gain on forward exchange contracts	13,501	–
Other net foreign exchange gain	36,532	–
	120,260	108,371
Interest expense on bank loans	(21,620)	(12,865)
Interest expense on discounted bills receivable	(8,574)	–
Interest expense on payable carried at amortised cost	(1,621)	(1,523)
Other net foreign exchange loss	–	(20,041)
	(31,815)	(34,429)
Net finance income	88,445	73,942

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Cost of inventories (i) (note 12(b))	3,201,494	2,727,843
Staff costs (i) & (ii)	704,535	569,239
Depreciation (i)	88,036	72,416
Amortisation		
— lease prepayments	3,840	2,423
— intangible assets	14,810	13,742
Provision for doubtful debts	1,308	9,660
Subcontracting charges (i)	32,548	31,700
Operating lease charges	244,897	172,206
Research and development costs (i) & (ii)	140,249	141,239

(i) Cost of inventories includes subcontracting charges, staff costs, depreciation and research and development costs, total amounting to RMB531,962,000 (2015: RMB447,436,000).

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

6 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax and Macao Complementary (Profits) Tax	387,336	314,137
Dividends withholding tax	67,399	51,880
Deferred tax (note 18(b))		
Dividends withholding tax	(67,399)	(51,880)
Origination and reversal of other temporary differences	27,164	40,190
	414,500	354,327

(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 six months ended 30 June 2016 and 2015.

(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) Macao Complementary (Profits) Tax is calculated at the maximum progressive rate of 12% on the estimated assessable profits arising from Macao.

(v) 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 Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income 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 the PRC during the period.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB1,129,189,000 (2015: RMB965,269,000) and the weighted average number of ordinary shares in issue during the period of 2,501,165,000 (2015: 2,497,435,000).

Weighted average number of ordinary shares

	2016	2015
	'000 shares	'000 shares
Issued ordinary shares as at 1 January	2,501,121	2,496,932
Effect of share options exercised	44	503
Weighted average number of ordinary shares as at 30 June	2,501,165	2,497,435

(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 notes 19(g) and 19(h)) assuming they were exercised.

Weighted average number of ordinary shares (diluted)

	2016	2015
	'000 shares	'000 shares
Weighted average number of ordinary shares as at 30 June	2,501,165	2,497,435
Effect of deemed issue of shares under the Company's share option schemes	5,495	5,285
Weighted average number of ordinary shares (diluted) as at 30 June	2,506,660	2,502,720

8 PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	RMB'000	RMB'000
Net book value, as at 1 January	1,121,191	924,987
Additions	79,596	43,076
Transfer from construction in progress (note 9)	18,341	6,065
Disposals (net book value)	(2,968)	(1,087)
Depreciation charge for the period	(88,036)	(72,416)
Net book value, as at 30 June	1,128,124	900,625

9 CONSTRUCTION IN PROGRESS

	2016	2015
	RMB'000	RMB'000
As at 1 January	44,544	142,850
Additions	70,475	53,654
Transfer to property, plant and equipment (note 8)	(18,341)	(6,065)
As at 30 June	96,678	190,439

10 LEASE PREPAYMENTS

Lease prepayments represent prepayments for 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.

11 INTANGIBLE ASSETS

	2016 RMB'000	2015 RMB'000
Net book value, as at 1 January	464,138	489,323
Additions	40,397	794
Amortisation for the period	(14,810)	(13,742)
Net book value, as at 30 June	489,725	476,375

12 INVENTORIES

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

	30 June 2016 RMB'000	31 December 2015 RMB'000
Raw materials	89,292	66,993
Work in progress	138,419	152,749
Finished goods	1,016,285	796,386
	1,243,996	1,016,128

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Carrying amount of inventories sold	3,200,398	2,738,595
Write-down/(reversal of write-down) of inventories	1,096	(10,752)
	3,201,494	2,727,843

13 TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade receivables	1,334,461	1,180,905
Less: Provision for doubtful debts	(16,748)	(15,440)
	1,317,713	1,165,465
Advance payments to suppliers	491,871	557,772
Deposits and other prepayments	264,761	282,394
VAT deductible	133,923	122,292
Interest receivables	35,532	66,517
Derivative financial instruments	1,036	3,456
Other receivables	18,607	9,290
	2,263,443	2,207,186

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:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Current	1,300,966	1,150,026
Less than 3 months past due	23,688	23,132
Past due over 3 months	9,807	7,747
	1,334,461	1,180,905

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

	2016 RMB'000	2015 RMB'000
As at 1 January	15,440	24,095
Provision for doubtful debts recognised	1,308	9,660
As at 30 June	16,748	33,755

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (Continued)

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 30 June 2016, 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.

14 PLEDGED DEPOSITS

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

15 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

	30 June 2016 RMB'000	31 December 2015 RMB'000
Deposits with banks within three months to maturity when placed	2,104,000	3,943,299
Cash at bank and in hand	3,359,169	1,222,560
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	5,463,169	5,165,859
Deposits with banks with more than three months to maturity when placed	1,158,888	1,365,000
	6,622,057	6,530,859

16 BANK LOANS

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

17 TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade payables	846,481	750,403
Bills payable	500,000	100,000
Receipts in advance from customers	29,894	34,077
Construction costs payables	29,497	45,628
VAT and other taxes payables	109,379	103,939
Accruals	872,013	822,037
Other payables	166,328	133,809
	2,553,592	1,989,893

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 trade payables, based on the invoice date, is as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Within 3 months	791,721	720,975
3 months to 6 months	34,393	12,232
Over 6 months	20,367	17,196
	846,481	750,403

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

18 TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Current taxation in the condensed 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 condensed consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Dividends withholding tax RMB'000	Other deferred tax liabilities RMB'000	Other deferred tax assets RMB'000	Total RMB'000
As at 1 January 2015	147,109	11,040	(149,358)	8,791
Released upon distribution of dividends (note 6 (v))	(51,880)	-	-	(51,880)
Charged/(credited) to profit or loss (note 6)	32,975	(5,050)	12,265	40,190
As at 30 June 2015	128,204	5,990	(137,093)	(2,899)
As at 1 January 2016	77,553	8,192	(131,656)	(45,911)
Released upon distribution of dividends (note 6 (v))	(67,399)	-	-	(67,399)
Charged/(credited) to profit or loss (note 6)	37,984	(4,035)	(6,785)	27,164
As at 30 June 2016	48,138	4,157	(138,441)	(86,146)

(c) Deferred tax assets not recognised:

As at 30 June 2016, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB32,507,000 (31 December 2015: RMB5,524,000) of which RMB3,244,000 (31 December 2015: Nil) will expire within 5 years under the current tax legislation. The cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised:

As at 30 June 2016, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the PRC amounted to RMB4,895,543,000 (31 December 2015: RMB4,455,105,000). Deferred tax liabilities of RMB244,777,000 (31 December 2015: RMB222,755,000) 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 INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

During the period, pursuant to the Company's share option schemes (notes 19(g) and 19(h)), options were exercised to subscribe for 112,000 ordinary shares (2015: 1,397,000 shares) in the Company at a consideration of RMB1,538,000 (2015: RMB12,998,000) of which RMB10,000 (2015: RMB111,000) was credited to share capital and the balance of RMB1,528,000 (2015: RMB12,887,000) was credited to the share premium account. RMB425,000 (2015: RMB3,223,000) has been transferred from the share-based compensation reserve to the share premium account. No options were lapsed during the period (2015: Nil). As at 30 June 2016, the total number of shares which may be issued upon the exercise of all options outstanding from the Company's share option schemes is 12,604,000 (31 December 2015: 12,716,000).

(b) Share premium

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

(c) Capital reserve

Pursuant to the reorganisation of the Group prior to the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Anta Enterprise Group Limited ("Anta Enterprise") entered into a deed of assignment with the controlling shareholders of the Company whereby advances from the controlling shareholders to 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.

(d) Statutory reserve

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

(e) Exchange reserve

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

(f) Share-based compensation reserve

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

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.

19 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(g) Pre-IPO share option scheme

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

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. The Group has no legal or constructive obligation to repurchase or settle any of these options in cash.

(h) 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 issued 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) Dividends

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interim dividend declared after the interim period of HK34 cents per ordinary share (2015: HK30 cents per ordinary share)	736,230	622,253

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Final dividend in respect of the year ended 31 December 2015, approved and paid during the period, of HK30 cents per ordinary share (2014: HK28 cents per ordinary share)	632,664	553,350
Special dividend in respect of the year ended 31 December 2015, approved and paid during the period, of HK8 cents per ordinary share (2014: HK8 cents per ordinary share)	168,710	158,100
	801,374	711,450

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

20 FAIR VALUES MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) 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.

	30 June 2016 Level 2 RMB'000	31 December 2015 Level 2 RMB'000
Recurring fair value measurements		
Assets		
Available-for-sale investments		
– Unlisted	–	200,000
Derivative financial instruments:		
– Forward foreign exchange contracts	1,036	3,456
	1,036	203,456

During the six months ended 30 June 2016 and 2015, 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.

(b) 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 30 June 2016 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 RMB52,000,000 (31 December 2015: RMB50,000,000), which is estimated using the expected future cash flows discounted at prevailing market interest rate as at the end of the reporting period.

21 COMMITMENTS

(a) Operating leases

As at 30 June 2016, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Within 1 year	190,789	165,861
After 1 year but within 5 years	135,603	136,166
After 5 years	2,628	7,537
	329,020	309,564

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 30 June 2016 not provided for in the interim financial report were as follows:

	30 June 2016 RMB'000	31 December 2015 RMB'000
Contracted for	34,962	61,661
Authorised but not contracted for	185,520	252,591
	220,482	314,252

22 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. (“Quanzhou Anda”)	21,157	20,926
Service fee		
– Mr. Ding Shijia	10,060	6,786

The Directors considered that the above related party transactions were in ordinary and usual course of business of the Group, on normal commercial terms or better, and fair and reasonable.

(b) Balances with related parties

	30 June 2016 RMB'000	31 December 2015 RMB'000
Amounts due to related parties		
Trade balance		
– Quanzhou Anda	6,197	8,983
Other balance		
– Mr. Ding Shijia	321	–
	6,518	8,983

The amounts due to related parties are unsecured, interest free and is expected to be paid within one year.

(c) Key management personnel remuneration

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

	Six months ended 30 June 2016 RMB'000	2015 RMB'000
Short-term employee benefits	6,301	5,861

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

23 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, ANDES Sports Products Limited, a wholly owned subsidiary of the Company, has completed the formation of a joint venture group (the “JV Group”) with other parties. The JV Group will operate and engage in the business of design, sale and distribution of all categories of products bearing the “DESCENTE” trademarks in the PRC on an exclusive basis. The Group has contributed RMB150,000,000 to the initial share capital of the JV Group, representing 60% interests of it.

After the end of the reporting period the Directors have recommended an interim dividend. Further details are disclosed in note 19(i).

OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend of HK34 cents per ordinary share in respect of the six months ended 30 June 2016. The interim dividend will be payable on or about Monday, 26 September 2016 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 13 September 2016.

DISCLOSURE OF INTERESTS

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

As at 30 June 2016, 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 30 June 2016, the number of outstanding ordinary shares of the Company and of Anta International were 2,501,233,100 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 30 June 2016, 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.
- (4) 1,373,625,000 Shares were held through Anta International, representing held 54.92% of the issued Shares as at 30 June 2016, 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 were held through Anda Holdings, which holds 160,875,000 Shares, representing 6.43% of the issued Shares as at 30 June 2016. 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 family members 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 were 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 30 June 2016. 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 were 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 30 June 2016. The entire issued share capital of Spread Wah International Limited is held by Allbright Assets Limited, which is in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust is an irrevocable discretionary trust set up by Mr. Wu Yonghua as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the WYH Family Trust are family members of Mr. Wu Yonghua. Mr. Wu Yonghua as founder of the WYH Family Trust is deemed to be interested in the 601 shares of Anta International held by Spread Wah International Limited.

Save as disclosed above, as at 30 June 2016, 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.

OTHER INFORMATION

Interests and short positions of substantial shareholders

As at 30 June 2016, 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%
	Beneficial owner ⁽¹⁾	9,446,000 (L)	0.38%
Talent Trend	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 were 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. In addition, HSBC Trustee also held 50,000 Shares as trustee for persons unrelated to the substantial shareholders.

HSBC Trustee was the trustee of the DSZ Family Trust and the DSJ Family Trust 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 family members 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 30 June 2016, 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.

SHARE OPTION SCHEMES

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. No further options were granted under the Pre-IPO share option scheme on or after the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange ("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.

The options outstanding under the Pre-IPO share option scheme during the six months ended 30 June 2016 were as follow:

Name or category of participant	Number of options					As at 30 June 2016	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					
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	150,000	-	-	-	-	150,000	HK\$4.224	12 June 2007	1 year from the Listing Date	10 July 2008 to 10 June 2017
	56,000	-	-	-	-	56,000	HK\$4.224	12 June 2007	2 years from the Listing Date	10 July 2009 to 10 June 2017
	825,000	-	-	-	-	825,000	HK\$4.224	12 June 2007	3 years from the Listing Date	10 July 2010 to 10 June 2017
	1,031,000	-	-	-	-	1,031,000				
Total	6,281,000	-	-	-	-	6,281,000				

OTHER INFORMATION

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 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, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

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.

The options outstanding under the Share Option Scheme during the six months ended 30 June 2016 were as follow:

Name or category of participant	Number of options					As at 30 June 2016	Exercise price per Share	Date of grant	Vesting period	Exercise period
	As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					
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	6,034,900	-	(112,000)	-	-	5,922,900	HK\$16.20	15 September 2010	1.5 years from the date of grant	15 March 2012 to 14 September 2020
	6,034,900	-	(112,000)	-	-	5,922,900				
Total	6,434,900	-	(112,000)	-	-	6,322,900				

Notes:

(1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$20.13.

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 six months ended 30 June 2016.

CORPORATE GOVERNANCE

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.

Saved 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 six months ended 30 June 2016. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the financial period, the roles of the Chairman and the Chief Executive Officer 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.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2016.

REVIEW OF INTERIM REPORT

The interim financial report for the six months ended 30 June 2016 is unaudited, but has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, by KPMG, whose report on review of interim financial report is set out on page 33 of this interim report. This interim report, including the interim financial report, has also been reviewed by the audit committee of the Company.

GLOSSARY

Anda Holdings

Anda Holdings International Limited

Anda Investments

Anda Investments Capital Limited

ANTA

ANTA brand

Anta International

Anta International Group Holdings Limited

ANTA KIDS

ANTA KIDS brand, which offers ANTA products for children

ANTA Sports/Company

ANTA Sports Products Limited

ANTA store(s)

ANTA retail store(s)

Board

The Board of Directors of the Company

BVI

The British Virgin Islands

CCTV5

China Central Television Sports Channel

China/PRC

People's Republic of China

COC

Chinese Olympic Committee

CPI

Consumer Price Index

CSD

Chinese Sports Delegation

DESCENTE

DESCENTE brand

Descente Ltd.

Descente Ltd., a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange with stock code 8114

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

FILA brand

FILA KIDS

FILA KIDS brand, which offers FILA products for children

FILA store(s)

FILA retail store(s)

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

ITOCHU Corporation

ITOCHU Corporation, a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange with stock code 8001

Listing Rules

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

MSCI

Morgan Stanley Capital International Global Standard Index

NBA

National Basketball Association

ODM

Original Design Manufacturer

OEM

Original Equipment Manufacturer

Period

6 months ended 30 June 2016

POP

Point of purchase advertising

POS

ANTA store's point of sales

R&D

Research and development

RMB

Renminbi, the lawful currency of the PRC

Share(s)

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

Shareholders

Shareholders of the Company

US

United States of America

INVESTORS INFORMATION

Share Information

Listing Day:	10 July 2007
Board lot size:	1,000 shares
Numbers of shares in outstanding:	2,501,233,100 shares (As at 30 June 2016)

Stock Codes

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

Dividends

HK cents	2012	2013	2014	2015	2016
Interim dividend	23	19	25	30	34
Final dividend	17	22	28	30	
Special dividend	8	7	8	8	

Important Dates

29 August 2016	Interim results announcement
13 September 2016 4:30 p.m.	Record date of 2016 interim dividend
On or about 26 September 2016	Payment date of 2016 interim dividend
31 December 2016	Financial year end date of 2016

Investor Relations Contacts

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ANTA

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