



Peak Sport Products Co., Limited

Peak Sport Announced 2015 Annual Results

Turnover increased by 9.4% to RMB 3,107.5 million
Profit attributable to shareholders increased by 22.3% to RMB 392.3 million

Highlights for the year ended 31 December 2015

- Turnover for the year increased by 9.4% YoY to RMB 3,107.5 million
- Gross profit margin increased by 0.7 percentage point YoY to 38.7%
- Profit attributable to shareholders increased by 22.3% YoY to RMB 392.3 million with net profit margin advanced to 12.6% from 11.3% in 2014
- The basic and diluted earnings per share were RMB 17.56 cents and 17.54 cents respectively
- A final dividend of HK 7 cents per ordinary share was proposed. Taking account of the interim dividend of HK 8 cents per ordinary share, the dividend payout ratio for the year was 75.8%
- Number of authorized Peak retail outlets reached 5,999, representing a net decrease of 5 outlets from the end of 2014
- Number of distributors in China increased to 100 from 88 at the end of 2014

(10 March 2016, Hong Kong) Peak Sport Products Co., Limited ("Peak" or the "Company" and its subsidiaries, together called the "Group" or "We", Stock Code: 1968.HK) announced its annual results for the year ended 31 December 2015.

Business Review

In 2015, China's economy experienced a significant slowdown while the global economy recorded weaker-than-expected growth. However, with growing awareness of health and lifestyle shifting, demands for professional sportswear continued to rise. Against such background, the Group actively adapted and delivered strong results driven primarily by enhanced channel and retail sales, product portfolio integration, e-commerce and team coordination.

The turnover of the Group in 2015 totaled RMB 3,107.5 million, an increase of 9.4% when compared to RMB 2,841.4 million in 2014. Gross profit for the year increased by

11.4% to RMB 1,201.5 million, with gross profit margin at 38.7%. Profit attributable to shareholders amounted to RMB 392.3 million, up 22.3% when compared to RMB 320.7 million in 2014. Basic and diluted earnings per share were RMB 17.56 cents and RMB 17.54 cents respectively. The Board recommended a final dividend of HK 7 cents per share. Taking account of the interim dividend of HK 8 cents per share, our dividend payout ratio for the year was approximately 75.8%.

The Group continued to achieve order growth in sales fairs while our retail discount rate, channel inventory and the total number of retail outlets have stabilized at a satisfactory level. The Group strengthened its efforts during the year to recruit distributors in new markets and to consolidate its competitive advantage in overseas markets. The Group's overseas sales totaled RMB 672.7 million in 2015, representing 21.6% of total revenue. Peak sold its products to over 90 countries and regions, becoming the leading Chinese sportswear brand in terms of the proportion of overseas sales.

Distribution Network

The Group continued to implement a flattened organization structure when building its distribution channels. Peak adjusted and increased the number of distributors to enhance retail efficiency. The number of the Group's distributors increased from 88 at the end of 2014 to 100 at the end of 2015. Meanwhile, the Group encouraged distributors to open more directly operated retail outlets, enabling faster response to market changes. The Group adopted various measures to proactively manage inventory and improve order visibility. As a result, the efficiency of the retail outlets was enhanced and the operational health of the Group was also improved. Following these channel adjustments, the number of retail outlets in China decreased to 5,999 by the end of 2015, representing a net decrease of five retail outlets compared to that at the end of 2014. The number of retail outlets directly run by our distributors represented 36.1% of the total outlets.

Brand and Products

The Group maintained its close partnerships with a number of internationally renowned athletes and sports associations. At the end of 2015, Peak had sponsorship agreements with 11 NBA players including NBA All-Star player Tony Parker and Dwight Howard, and three NBA teams including the Houston Rockets, Miami Heat and San Antonio Spurs. We also entered into sponsorship arrangements with national basketball associations of eight countries including Germany, Australia and Serbia. In addition, Peak sponsored Miloš Teodosić, the captain of Serbian Men's National Basketball Team, to strengthen its influence in Europe. Peak enjoyed worldwide

exposure as FIBA's international strategic partner for the FIBA Continental Cup competition. The Group also had sponsorship agreements with 8 WTA players at the end of 2015. Peak's sponsorship of a series of top tennis events in 2015, including the 2015 Wuhan Open, 2015 WTA Elite Trophy in Zhuhai and WTA Finals in Singapore, enhanced our competitiveness in the female sportswear market.

To replicate our successful basketball promotional campaigns, the Group entered into sponsorship agreements with a number of track and field and marathon events. The Group sponsored 34 professional running events in 2015, including the 2015 European Athletics Indoor Championships, 2015 International Association of Athletics Federations ("IAAF") World Challenge Beijing, Dalian International Marathon 2015, 2015 Ningbo International Marathon, and 2015 International Vertical Marathon Series. Peak has made rapid progress in developing new products for the running events and sponsorship activities by rolling out five new running shoes, including "Arrow 1.1", "Skywalker", "S-PAD", "Fly III" and "Rhythm", to meet different needs ranging from professional athletes to casual users.

Mr. Xu Zhihua, the CEO and Executive Director of Peak, commented, "With the supports of policies such as "Internet+", "Made in China 2025" and the National Fitness Campaign, Peak will stay abreast of industry trends and continue to adjust and optimize its organizational structure in 2016. We shall be more focused, dedicated and efficient in terms of our marketing resources, distribution network and product R&D. 2016 is also the year of the Olympics and Peak will promote its brand and products through continuous exposure of sponsored delegations, national teams and elite athletes. To consolidate its leading position in the basketball sector, Peak will streamline the operation of its official group-purchase website, deepen its strengths in the basketball sector, and plan for expanding into businesses such as sports agency and organizers of sports events, fitness camps and training programs in the future. We shall keep on investing in technology and human resources to transform from a sportswear producer into a comprehensive sports solution provider."

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About Peak Sport Products Co., Limited

Peak Sport Products Co., Limited (Stock Code: 1968.HK) is a leading branded sportswear company in China and obtained its listing on the Main Board of the Hong Kong Stock Exchange on 29 September 2009. The Group is primarily engaged in designing, manufacturing and distributing sports products (including footwear, apparel and accessories) under the “PEAK” brand. As at 31 December 2015, the number of Peak’s retail outlets reached 5,999 in China. The Group’s products are exported to over 90 countries and regions. Peak executes a focused international branding strategy. The Group has been maintaining long-term cooperative relationships with various internationally renowned athletes and tournament organizers such as Fédération Internationale de Basketball (FIBA) and Women’s Tennis Association (WTA).

This press release is distributed by Christensen International Limited on behalf of Peak Sport Products Co., Limited.

For details, please contact:

Peak Sport Products Co., Limited

Ms. Joy Tsai, Investor Relations Director

Tel: (852) 3163 1380

Email: joytsai@peaksport.com.hk

Christensen International

Ms. Jung Chang / Ms. Vivian Wang

Tel : (852) 2232 3978

Email : jchang@christensenir.com / vwang@christensenir.com