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ANTA Sports Products Limited

安踏體育用品有限公司

(Incorporated in the Cayman Islands with limited liability)

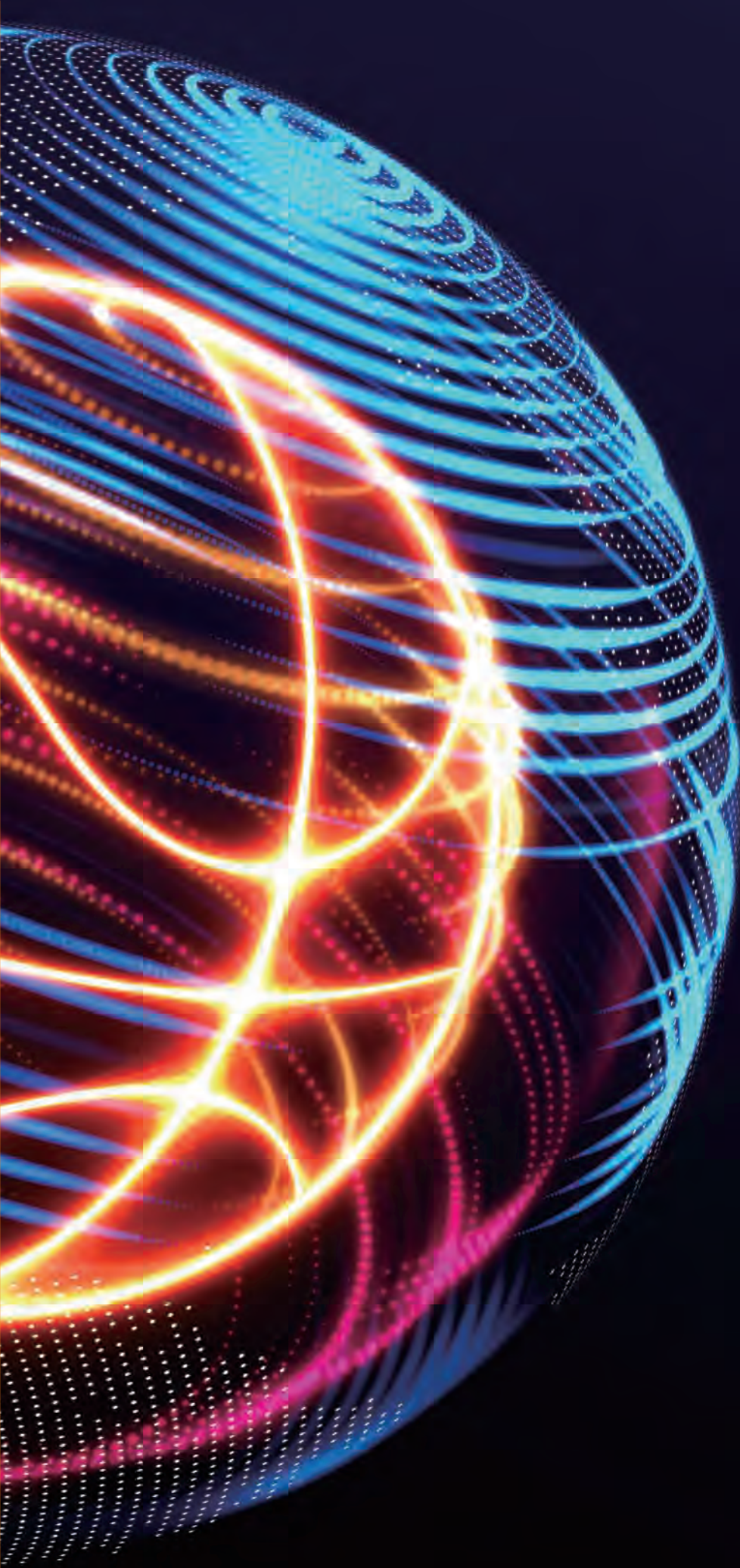
(Stock code: 2020)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of Directors (the “**Board**”) of ANTA Sports Products Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2022. This announcement, containing the full text of the *Annual Report 2022* and *Environmental, Social and Governance Report 2022* of the Company, complies with the relevant requirements of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* in relation to information to accompany preliminary announcements of annual results. The Company’s *Annual Report 2022* and *Environmental, Social and Governance Report 2022* will be available to public for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at ir.anta.com in late March 2023.

APPROVAL OF ANNUAL RESULTS

The annual results for the year ended 31 December 2022 have been reviewed by the audit committee of the Company and approved by the Board. The Company’s consolidated financial statements have been audited by the Company’s auditor, KPMG, in accordance *Hong Kong Standards on Auditing* issued by the Hong Kong Institute of Certified Public Accountants with an unqualified opinion, whose independent auditor’s report is set out in the *Annual Report 2022*.



ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

STOCK CODE: 2020

ANNUAL REPORT 2022



Mission

To integrate the sports spirit of
“Going Beyond Oneself”
into everyone’s daily life.

Vision

To become a leading
multi-brand sportswear
group in the world.

Core Values

- Consumer-oriented
 - Devotion
- Innovation and Pushing Boundaries
 - Respect and Inclusive
 - Integrity and Gratitude

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Corporate Profile

ANTA was established in 1991, while ANTA Sports Products Limited, a widely recognized global sportswear company, was listed on the Main Board of HKEX in 2007 (Stock code: 2020.HK). For many years, ANTA Sports has been principally engaging in the design, R&D, manufacturing, marketing and sales of professional sports products including shoes, apparel and accessories to Chinese consumers. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports in 2019, a global sportswear group that has internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.

ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets.



Corporate Information

BOARD

Executive Directors

Ding Shizhong (*Chairman*)
Ding Shijia (*Deputy Chairman*)
Lai Shixian (*Co-Chief Executive Officer*)
Wu Yonghua (*Co-Chief Executive Officer*)
Zheng Jie
Bi Mingwei (*Chief Financial Officer*)

Independent Non-Executive Directors

Yiu Kin Wah Stephen
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian

Company Secretary

Tse Kin Chung

BOARD COMMITTEES

Audit Committee

Yiu Kin Wah Stephen (*committee chairman*)
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian

Remuneration Committee

Lai Hin Wing Henry Stephen (*committee chairman*)
Wang Jiaqian
Xia Lian
Ding Shizhong

Nomination Committee

Lai Hin Wing Henry Stephen (*committee chairman*)
Yiu Kin Wah Stephen
Lai Shixian

Risk Management Committee

Yiu Kin Wah Stephen (*committee chairman*)
Wang Jiaqian
Xia Lian
Lai Shixian

Sustainability Committee

Lai Shixian (*committee chairman*)
Yiu Kin Wah Stephen
Lai Hin Wing Henry Stephen
Wang Jiaqian
Xia Lian
Wu Yonghua
Zheng Jie
Yiu Wai Hung*

AUTHORIZED REPRESENTATIVES

Lai Shixian
Tse Kin Chung

REGISTERED OFFICE

Cayman Islands Office

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG SAR

Hong Kong SAR Office

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

HEAD OFFICES IN MAINLAND CHINA

Jinjiang Office

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

Xiamen Office

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

SHARE REGISTRARS AND TRANSFER OFFICES

Cayman Islands Principal Registrar

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
Cayman Islands

Hong Kong SAR Branch Registrar

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

LEGAL ADVISER

Morgan, Lewis & Bockius

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting and
Financial Reporting Council Ordinance

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW ADVISER

KPMG Advisory (China) Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of
China Ltd.
Industrial Bank Co., Ltd.
China Merchants Bank Co., Ltd.
Standard Chartered Bank PLC

* non-Board member

2022 Recognitions and Awards



1

Board Chairman and Executive Director, Mr. Ding Shizhong:

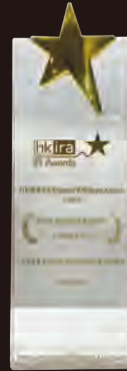
- 1 “Best IR by Chairman/CEO (Large Cap)”
by Hong Kong Investor Relations Association

Executive Director and Co-CEO, Mr. Lai Shixian:

- 2 “Best IR by CFO (Large Cap)”
by Hong Kong Investor Relations Association
(Mr. Lai Shixian previously served as the CFO of the Company)

ANTA:

- 3 “Brand Finance Apparel 50 2022” by Brand Finance
- “2nd Emerging Consumer Brand 50 Program” by KPMG
- “BrandZ™ Top 100 Most Valuable Apparel Brands 2022” by Kantar Millward Brown



6 7 8 9 10

ANTA Sports:

- 4 “Best IR Company (Large Cap)”
by Hong Kong Investor Relations Association
- 5 “Quam IR Awards 2021 – Hong Kong Index Constituents
(Hang Seng Index) Category” by Quam IR
- 6 “Quam IR Awards 2021 – Sustainable Development Category
– Gold” by Quam IR
- 7 “Sustainable Enterprise Case 2022 in China”
by APEC’s Sustainable China Industry Development Initiative
- 8 “Best ESG Employer 2022” by Aon China

2021 Annual Report:

- 9 “Best Annual Report”
by Hong Kong Investor Relations Association

Our Investor Relations Department:

- 10 “Best IR Team (Large Cap)”
by Hong Kong Investor Relations Association
- “Best IR Website”
by IR Magazine Awards Greater China 2022



Eddie Peng,
A renowned actor



Revenue

+8.8%

To RMB

53.7 Billion

Financial Overview

Year ended 31 December	2022 (RMB million)	2021 (RMB million)	Changes (%)
Revenue	53,651	49,328	↑ 8.8
ANTA	27,723	24,012	↑ 15.5
FILA	21,523	21,822	↓ 1.4
All other brands	4,405	3,494	↑ 26.1
Gross profit	32,318	30,404	↑ 6.3
ANTA	14,872	12,528	↑ 18.7
FILA	14,283	15,394	↓ 7.2
All other brands	3,163	2,482	↑ 27.4
Profit from operations	11,230	10,989	↑ 2.2
ANTA	5,925	5,145	↑ 15.2
FILA	4,301	5,339	↓ 19.4
All other brands	907	644	↑ 40.8
Profit for the year	8,245	8,219	↑ 0.3
Profit attributable to equity shareholders			
– without the effect of share of profit/loss of a joint venture	7,562	7,801	↓ 3.1
– with the effect of share of profit/loss of a joint venture	7,590	7,720	↓ 1.7
Free cash inflow	10,415	10,369	↑ 0.4
	(RMB)	(RMB)	(%)
Earnings per share			
– Basic	2.82	2.87	↓ 1.7
– Diluted	2.76	2.81	↓ 1.8
	(HK cents)	(HK cents)	(%)
Dividend per share			
– Ordinary interim	62	60	
– Ordinary final	72	68	
– Special interim	–	30	
	134	158	↓ 15.2
	(%)	(%)	(% point)
Gross profit margin	60.2	61.6	↓ 1.4
ANTA	53.6	52.2	↑ 1.4
FILA	66.4	70.5	↓ 4.1
All other brands	71.8	71.0	↑ 0.8
Operating profit margin	20.9	22.3	↓ 1.4
ANTA	21.4	21.4	–
FILA	20.0	24.5	↓ 4.5
All other brands	20.6	18.4	↑ 2.2
Net profit margin	15.4	16.7	↓ 1.3
Margin of profit attributable to equity shareholders			
– without the effect of share of profit/loss of a joint venture	14.1	15.8	↓ 1.7
– with the effect of share of profit/loss of a joint venture	14.1	15.7	↓ 1.6
Effective tax rate ⁽¹⁾	27.5	26.7	↑ 0.8
Advertising and promotional expenses ratio (as a percentage of revenue)	10.3	12.4	↓ 2.1
Staff costs ratio (as a percentage of revenue)	15.1	13.5	↑ 1.6
R&D costs ratio (as a percentage of revenue)	2.4	2.3	↑ 0.1

As at 31 December	2022 (RMB)	2021 (RMB)	Changes (%)
Shareholders' equity per share	12.68	10.70	↑ 18.5
	(%)	(%)	(% point)
Gearing ratio ⁽²⁾	18.3	21.0	↓ 2.7
Return on average total shareholders' equity ⁽³⁾	24.0	29.2	↓ 5.2
Return on average total assets ⁽⁴⁾	11.5	13.5	↓ 2.0
Average total shareholders' equity to average total assets	48.0	46.2	↑ 1.8
	(days)	(days)	(days)
Average inventory turnover days ⁽⁵⁾	138	127	↑ 11
Average trade receivables turnover days ⁽⁶⁾	21	26	↓ 5
Average trade payables turnover days ⁽⁷⁾	50	53	↓ 3

Cautionary Statement Regarding Forward-Looking Statements

This *Annual Report 2022* 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) Effective tax rate does not include the effect of share of profit/loss of a joint venture.
- (2) Gearing ratio is equal to total borrowings divided by the total assets at the end of the relevant year.
- (3) Return on average total shareholders' equity is equal to the profit attributable to equity shareholders divided by the average balance of total shareholders' equity.
- (4) Return on average total assets is equal to the profit attributable to equity shareholders divided by the average balance of total assets.
- (5) Average inventory turnover days is equal to the average balance of inventories divided by the cost of sales and multiplied by the number of days in the relevant year.
- (6) Average trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant year.
- (7) Average trade payables turnover days is equal to the average balance of trade payables divided by the cost of sales and multiplied by the number of days in the relevant year.
- (8) Average balance aforementioned means the average of the balance as at 1 January and the balance as at 31 December of the relevant year.

Results Highlights

Financial Performance



Revenue
increased by 8.8% to

RMB53.7 Billion



Gross profit margin
decreased by 1.4% point to

60.2%



Profit attributable to equity shareholders
decreased by 1.7% to

RMB7.6 Billion

Basic earnings per share
decreased by 1.7% to

RMB2.82



Payout of the profit attributable
to equity shareholders

42.4%

Operational Performance

(As of 31 December 2022)



Number of ANTA stores
in Mainland China and
overseas stood at

6,924
(6,832*)

Number of ANTA KIDS stores
in Mainland China and
overseas stood at

2,679
(2,571*)



Number of FILA stores
(including FILA KIDS and
FILA FUSION standalone stores)
in Mainland China, Hong Kong
SAR, Macao SAR and Singapore
stood at

1,984
(2,054*)



Number of
DESCENTE stores
in Mainland China,
Hong Kong SAR and
Macao SAR
stood at

191
(182*)



Number of
KOLON SPORT stores
in Mainland China
and
Hong Kong SAR
stood at

161
(155*)

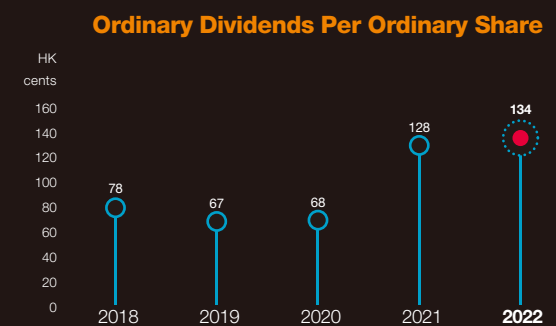
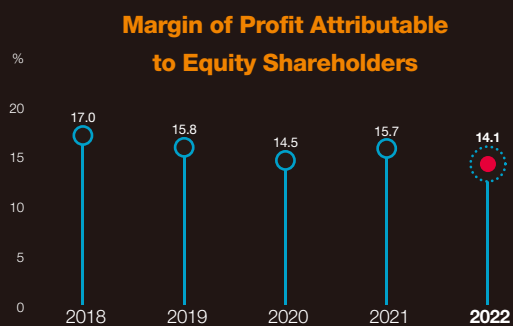
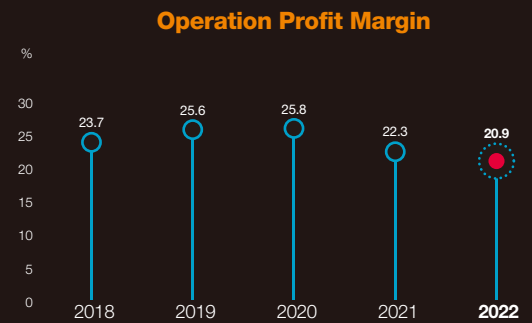
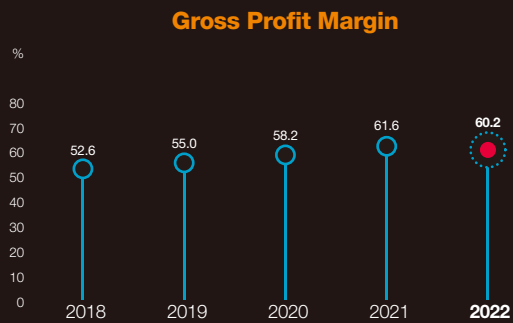
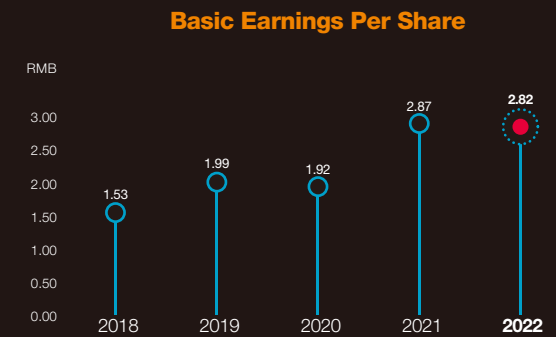
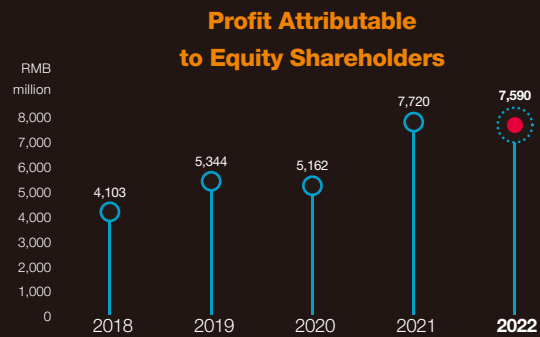
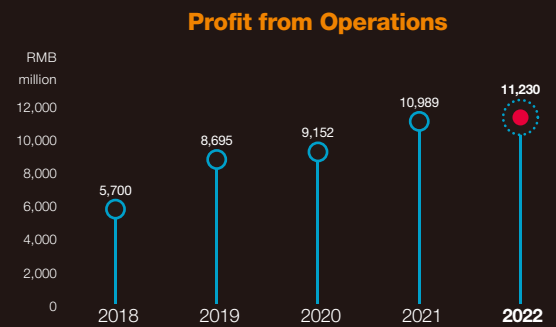
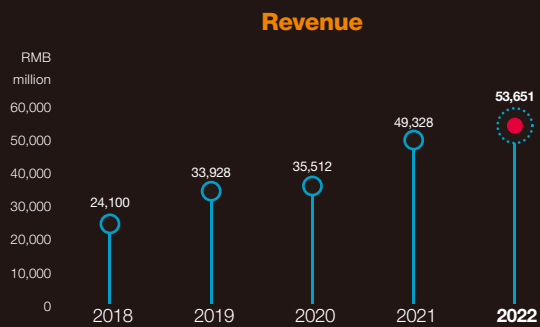
* As of 31 December 2021

Five-year Financial Summary

	2022 (RMB million)	2021 (RMB million)	2020 (RMB million)	2019 (RMB million)	2018 (RMB million)
Revenue	53,651	49,328	35,512	33,928	24,100
Gross profit	32,318	30,404	20,651	18,659	12,687
Profit from operations	11,230	10,989	9,152	8,695	5,700
Profit attributable to equity shareholders	7,590	7,720	5,162	5,344	4,103
Non-current assets	26,599	22,766	19,150	17,898	5,090
Current assets	42,596	39,902	32,717	23,320	19,284
Total assets	69,195	62,668	51,867	41,218	24,374
Current liabilities	26,207	15,943	11,715	12,412	7,548
Net current assets	16,389	23,959	21,002	10,908	11,736
Total assets less current liabilities	42,988	46,725	40,152	28,806	16,826
Non-current liabilities	5,149	15,062	14,328	7,745	306
Total liabilities	31,356	31,005	26,043	20,157	7,854
Net assets	37,839	31,663	25,824	21,061	16,520
Non-controlling interests	3,439	2,740	1,811	979	743
Shareholders' equity	34,400	28,923	24,013	20,082	15,777
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Basic earnings per share	2.82	2.87	1.92	1.99	1.53
Diluted earnings per share	2.76	2.81	1.89	1.99	1.53
Shareholders' equity per share	12.68	10.70	8.88	7.43	5.88
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(HK cents)
Dividend per share					
– Ordinary interim	62	60	21	31	50
– Ordinary final	72	68	47	36	28
– Special interim	–	30	–	–	–
Total	134	158	68	67	78
	(%)	(%)	(%)	(%)	(%)
Gross profit margin	60.2	61.6	58.2	55.0	52.6
Operating profit margin	20.9	22.3	25.8	25.6	23.7
Margin of profit attributable to equity shareholders	14.1	15.7	14.5	15.8	17.0
Effective tax rate ⁽¹⁾	27.5	26.7	29.0	27.6	26.6
Advertising and promotional expenses ratio (as a percentage of revenue)	10.3	12.4	10.0	10.6	12.1
Staff costs ratio (as a percentage of revenue)	15.1	13.5	12.5	11.7	10.9
R&D costs ratio (as a percentage of revenue)	2.4	2.3	2.5	2.3	2.5
Gearing ratio ⁽¹⁾	18.3	21.0	27.8	22.3	7.3
Return on average total shareholders' equity ⁽¹⁾	24.0	29.2	23.4	29.8	27.8
Return on average total assets ⁽¹⁾	11.5	13.5	11.1	16.3	18.9
Average total shareholders' equity to average total assets	48.0	46.2	47.4	54.7	67.9
	(days)	(days)	(days)	(days)	(days)
Average inventory turnover days ⁽¹⁾	138	127	122	87	81
Average trade receivables turnover days ⁽¹⁾	21	26	39	34	35
Average trade payables turnover days ⁽¹⁾	50	53	66	57	52

Notes:

- (1) Please refer to notes on page 8 of this annual report for the definitions of effective tax rate, gearing ratio, return on average total shareholders' equity, return on average total assets, average inventory turnover days, average trade receivables turnover days and average trade payables turnover days.
- (2) As a result of the adoption of IFRS/HKFRS 16, Leases, with effect from 1 January 2019, the Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognize right-of-use assets and lease liabilities as at 1 January 2019. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Figures in years earlier than 2019 are stated in accordance with the policies applicable in those years.



2022 Milestone

January

DESCENTE Appointed Eddie Peng as Brand Ambassador

DESCENTE appointed renowned actor, Eddie Peng as the latest brand ambassador to promote our brand's spirit and range of products which includes "SKI REPLICA", the skiing-inspired lifestyle series infused with the glorious history of the world's top winter sports teams and the spirit of challenge.

February

ANTA Provided Winter Sports Equipment for the Chinese National Team at the Beijing 2022 Olympic Winter Games

As the official sportswear partner of the Beijing 2022 Olympic Winter Games and Paralympic Winter Games, ANTA supported the Chinese national team with winter sports equipment and its "Champion Dragon Outfit", sharing the joy with Chinese Olympic athletes at the winning stage.

KOLON SPORT Entered into Strategic Partnership with Premium Hotel Brand, SUNYATA

Adhering to the concept of sustainable development, KOLON SPORT teamed up with SUNYATA, a premium hotel brand, in a strategic collaboration to develop campsites and introduce outdoor hiking trails in domestic scenery. The collaboration allowed more people to get closer to nature and enjoy the spectacular outdoor experience as well as the charm of exquisite camping, ushering in a new style of rustic outdoor luxury.



March

ANTA Sports Strengthened its Partnership with World Wildlife Fund ("WWF")

The Group and WWF announced the second phase of their partnership, in which both parties are committed to protecting the ecological environment and working together to promote global sustainability. The collaboration focuses on conserving global biodiversity and facilitating the green transformation of the textile industry.



April

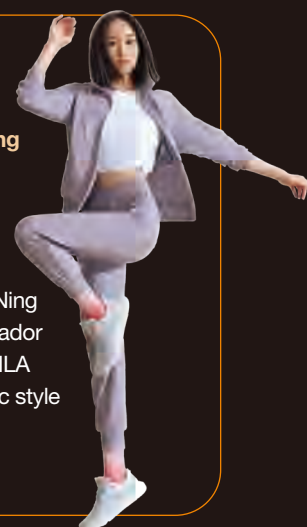
ANTA Sports Supported in Fighting Against the Pandemic Through All Kinds of Efforts

The Group has taken various measures to support the fight against the Pandemic. It has joined hands with the Hemin Foundation to donate RMB40 million in cash and equipment to support the frontlines in Quanzhou City, Fujian Province, Jilin Province and Shanghai and other areas affected by the Pandemic.

June

FILA Appointed Ning Chang as Brand Ambassador

As part of FILA's strategic planning to expand into female fitness, FILA teamed up with renowned actress, Ning Chang as its brand ambassador to establish a concept of "FILA Latte Girl" and portray a chic style for fitness.



July

ANTA Sports Demonstrated Its Confidence in Green Finance with the Issuance of Its First Green Bonds

ANTA Sports issued the first tranche of green medium term notes in 2022, with an aggregate principal amount of RMB500 million and a maturity of three years. The proceeds will be used for the green construction of ANTA Sports' Shanghai headquarters. This is the first green panda bond issued by a private enterprise in the Mainland China and the first green bond among the sporting goods industry in the market. The successful issuance of the bond is of great significance to the sporting goods industry's participation in green finance and green development.

August

ANTA Hosted the Second ANTA Innovation Technology Conference and Introduced the New Generation of “Champion Running Shoes”

ANTA is committed to promoting sports with innovative technology, and elevating sports experience and performance. At the second ANTA Innovation Technology Conference, ANTA unveiled its latest “Champion Running Shoes”, which incorporates cushioning technology. The shoes are designed specifically for the 5–10K training programs of Chinese national team runners to enhance their professional performance.



September

DESCENTE Hosted Technology Conference to Introduce the Brand-new “Temperature-locking Technology System for Performance Sports”

DESCENTE introduced at its Technology Conference the brand-new “Temperature-locking Technology System for Performance Sports”, with an aim to empower winter sports with five pioneering temperature-locking innovative technologies – SPACE WARMER, HEAT NAVI®, SPACE WARMER with HEAT NAVI®, HEAT CONTROL, and 3D INSULATOR SYSTEM.



安踏国际一体化运营中心项目 ANTA International Integrated Operation Center

签约仪式 Signing Ceremony



Integrated Operation Center Began Construction in Suzhou

The Group announced the construction of its Integrated Operation Center with a signing ceremony in Suzhou, Jiangsu Province. The project will incorporate world-leading digitalized technologies and intelligent equipment, for the purpose of becoming a comprehensive operation center for import distribution, sales and settlement, digital operation, intelligent warehousing, exhibition, and other related businesses.

ANTA Launched New KT8 Basketball Shoes

ANTA launched the latest edition of Klay Thompson’s signature basketball shoes – KT8. As ANTA’s first basketball shoes with an adjustable ankle collar, KT8 incorporates a convertible collar design for a high or low-top feel, in addition to an upgraded 3D FLOW technology system, which combines flexibility and stability, helping players switch between offensive and defensive positions with ease.



November

ANTA and the Winter Sports Management Center of General Administration of Sports of China Renewed their Partnership to Create Glory Again with Chinese Winter Sports Athletes at the Milan Olympic Winter Games

ANTA and the Winter Sports Management Center of the General Administration of Sports of China held a contract renewal ceremony at the National Alpine Ski Centre. ANTA will continue to be the official sportswear partner for the next four years to provide innovative and professional outfits to support Chinese winter athletes achieving victories at the Milan 2026 Olympic Winter Games.



Gross Profit
+6.3%
To RMB
32.3 Billion

Gross Profit
Margin
60.2%



Wang Yibo,
A renowned Chinese celebrity

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present our annual results for the year ended 31 December 2022.

SHOWING RESILIENCE AMID HEADWIND AND ACHIEVING STEADY GROWTH

The new year brings new optimism and renewal as the extraordinary year of 2022 has passed. The global political and economic landscape had evolved significantly during the three-year period overshadowed by the Pandemic, which presented unprecedented challenges across the businesses universe and cast profound impact on numerous Chinese businesses' globalization strategy. Despite the challenges from the Pandemic and shifting market dynamics that have given rise to an increasingly heterogeneous market landscape, we remain steadfast in our strategy of "Single-focus, Multi-brand, Globalization". Along with our long-term strength, teamwork spirit and the spirit of unwavering perseverance and "Keep Moving". The Group has successfully achieved steady growth.

As the saying goes, "when a hundred barges are competing, the most diligent one leads; when a thousand sails are cruising, the bravest one wins". Faced with the ever-changing market environment and challenges, we remained result-oriented amid the macroscopic uncertainties to fulfill our commitments and attain success after success. Our multi-brand strategy has proven resilient across economic cycles, and each of our brands has maintained a distinct positioning, implemented high-quality operations, optimized online business capabilities and achieved a growth rate that outpaced the market, all these exemplified our collective excellence as a group. We continue to strive towards our ambition of becoming "a leading multi-brand sportswear group in the world", not only in terms of brand value, but also in terms of our ability

to set industry standards in technological innovation, social responsibility as well as employee engagement.

During the financial year, albeit the impact of the Pandemic, our revenue increased by 8.8% to RMB53.65 billion (2021: RMB49.33 billion), achieving high-quality and steady growth while maintaining our leading position among Chinese sportswear brands. Our overall gross profit increased by 6.3% to RMB32.32 billion (2021: RMB30.40 billion), overall gross margin decreased by 1.4% points to 60.2% (2021: 61.6%), and the overall profit from operations maintained growth despite the headwind, up 2.2% to RMB11.23 billion (2021: RMB10.99 billion). On a consolidated basis, without the effect of the share of profit of a joint venture, the profit attributable to equity shareholders decreased by 3.1% to RMB7.56 billion (2021: RMB7.80 billion). On a consolidated basis, with the effect of share of profit of a joint venture, profit attributable to equity shareholders decreased by 1.7% to RMB7.59 billion (2021: RMB7.72 billion).

During the financial year, the Group's cash flow remained robust. Net operating cash inflow of RMB12.15 billion (2021: RMB11.86 billion) and free cash inflow of RMB10.42 billion (2021: RMB10.37 billion) were recorded, reflecting our strong cash generating capability despite the challenging operating environment. Moreover, as of 31 December 2022, the Group had cash and cash equivalents, fixed deposits held at banks with maturity over three months and pledged deposits in the aggregate amount of RMB27.69 billion. The robust cash position reflected our sound risk resistance ability and capacity to withstand high-pressure scenarios. The Board has recommended the payment of a final dividend of HK72 cents per ordinary share (subject to the approval by Shareholders at the forthcoming AGM). Ordinary dividend payout for the financial year was 42.4% of the profit attributable to equity shareholders (2021: 38.0%), which indicates a stable and healthy return to our Shareholders.

ADHERING TO LONG-TERMISM AND IMPLEMENTING DEVELOPMENT STRATEGY OF "SINGLE-FOCUS, MULTI-BRAND, GLOBALIZATION"

Reflecting on the market changes over the past three years, the competition in the sportswear market has been increasingly heterogeneous with new scenarios and new racetracks emerging rapidly. Improving brand and product innovation, and optimizing the consumer experience are key drivers of success. While macroeconomic volatility and resurgence of the Pandemic outbreaks might have impacted our short-term financial and operational performance, these factors did not impede the long-term implementation of our strategy. We continued to implement our long-term strategic objectives with strategic foresights and efficient execution. Despite the impact of the Pandemic, our brand matrix has achieved important breakthroughs, attaining various high-quality indicators and phased achievements.

ANTA has been executing the "Lead to Win" acceleration plan driven by its core strategies of being "Rooted in and Known for Performance Sport and Fostering Brand Transformation and Growth". ANTA's brand reputation has made a historic breakthrough during the Beijing 2022 Olympic Winter Games. With its performance sports products that fuels China's sports development, proactive advancement in proprietary technological products development, and the smooth implementation of DTC model transformation, ANTA's enhancement of its brand image bore fruit. During the financial year, ANTA's segment revenue grew by 15.5% to RMB27.72 billion (2021: RMB24.01 billion), cementing its leading position in China, the gross profit margin and operating profit margin were 53.6% (2021: 52.2%) and 21.4% (2021: 21.4%) respectively.

With the principle of “High-quality, High Efficiency and Healthy Growth” and brand strategy of “Top-notch Products, Top-notch Brands and Top-notch Channels”, FILA positions itself as a high-end athletic fashion brand with focuses on promising product lines and proactively expands into the performance sports market, driving continuous brand growth through “three elite sports” and “four fashion driving forces”. During the financial year, despite the Pandemic’s impact on FILA’s brick-and-mortar business, we successfully boosted our e-commerce business and increased our penetration in various online platforms. As a result, outstanding performance in online business and improved operational capabilities have been realized. During the financial year, FILA’s segment revenue dropped slightly by 1.4% to RMB21.52 billion (2021: RMB21.82 billion), while gross profit margin and operating profit margin were 66.4% (2021: 70.5%) and 20.0% (2021: 24.5%) respectively.

In the wake of the Pandemic, the general public attach increasing importance to outdoor recreation activities, and outdoor activities become viral. During the financial year, all other brands (including DESCENTE and KOLON SPORT) have successfully capitalized on opportunities arising out of new scenarios and enhanced their core products competencies to attract target consumer groups in their respective markets, demonstrating strong momentum. Total revenue of all other brands leaped by 26.1% to RMB4.41 billion (2021: RMB3.49 billion). The gross profit margin and operating profit margin achieved encouraging levels of 71.8% (2021: 71.0%) and 20.6% (2021: 18.4%), respectively.

In addition, the Pandemic prompted us to expedite the digitalization within the Group and to continue the integration of online and offline channels cater to rapidly changing consumer habits. Consequently, revenue from the e-commerce business continued to increase as a percentage of our total revenue. During the financial

year, e-commerce business contributed 34.3% (2021: 28.6%) of the Group’s overall revenue, with an increase by 30.7% as compared with 2021 in terms of absolute amount, achieving solid growth despite the high base of last year.

ADVANCING GLOBALIZATION

We further deepened our “Globalization” strategy to achieve globalization in terms of market position, brand portfolio, value chain composition and governance structure. Amer Sports mapped out a clear strategic growth plan swiftly after its acquisition in 2019. Despite the challenges of a global Pandemic, supply chain disruptions and geopolitical instability, the investor consortium and Amer Sports’ management team have worked diligently to achieve significant breakthroughs in restructuring organization as well as revamping Amer Sports’ core brands. Over the past three years, it has been on track to gradually achieve the goals initially set in 2019. It is making steady progress to achieve its targets regarding three “Billion euro brands”, DTC business and China business.

During the financial year, the revenue of the joint venture holding Amer Sports increased by 21.8% to RMB24.03 billion (2021: RMB19.72 billion), setting a record high for that joint venture. EBITDA also increased by 8.8% to RMB2.58 billion (2021: RMB2.37 billion). The joint venture has share profit of RMB28 million to the Group for the first time since acquisition.

BREAKING NEW GROUND AND NAVIGATING THROUGH NEW DEVELOPMENT STAGE

The opportunities in the year of 2023 are unfolding, nevertheless a new development stage comes with new challenges. In order to effectively execute the Group’s strategy

and capitalize on emerging development opportunities, we have enhanced the Group’s governance structure and optimized its business operations, which in turn allow us to align ourselves with the governance models of leading multinational corporations to propel the Group’s sustainable growth.

In the face of a new historic mission and development responsibilities, I have decided to retire from the role as the Group’s CEO and focus on the role as the Chairman in early 2023, in order to facilitate the implementation of the Group’s “Multi-brand” and “Globalization” strategies, enhance corporate governance, management efficiency as well as talent development. At each point of our progression, we shall embrace our future challenges, and forge towards the strategic goal of “Globalization” with a global vision and culture. Teamwork and an efficient management system will also form the bedrock of our path to globalization.

On behalf of the Board, I would like to extend our heartfelt gratitude to our Shareholders for their support and to all our stakeholders and our highest regards employees who have been walking together with us on this journey of “Mutualism”. Driven by our “Single-Focus, Multi-Brand, Globalization” strategy, we are confident and capable of achieving even more brilliant goals and creating greater value for our Shareholders.



Ding Shizhong

Chairman

Hong Kong SAR, 21 March 2023

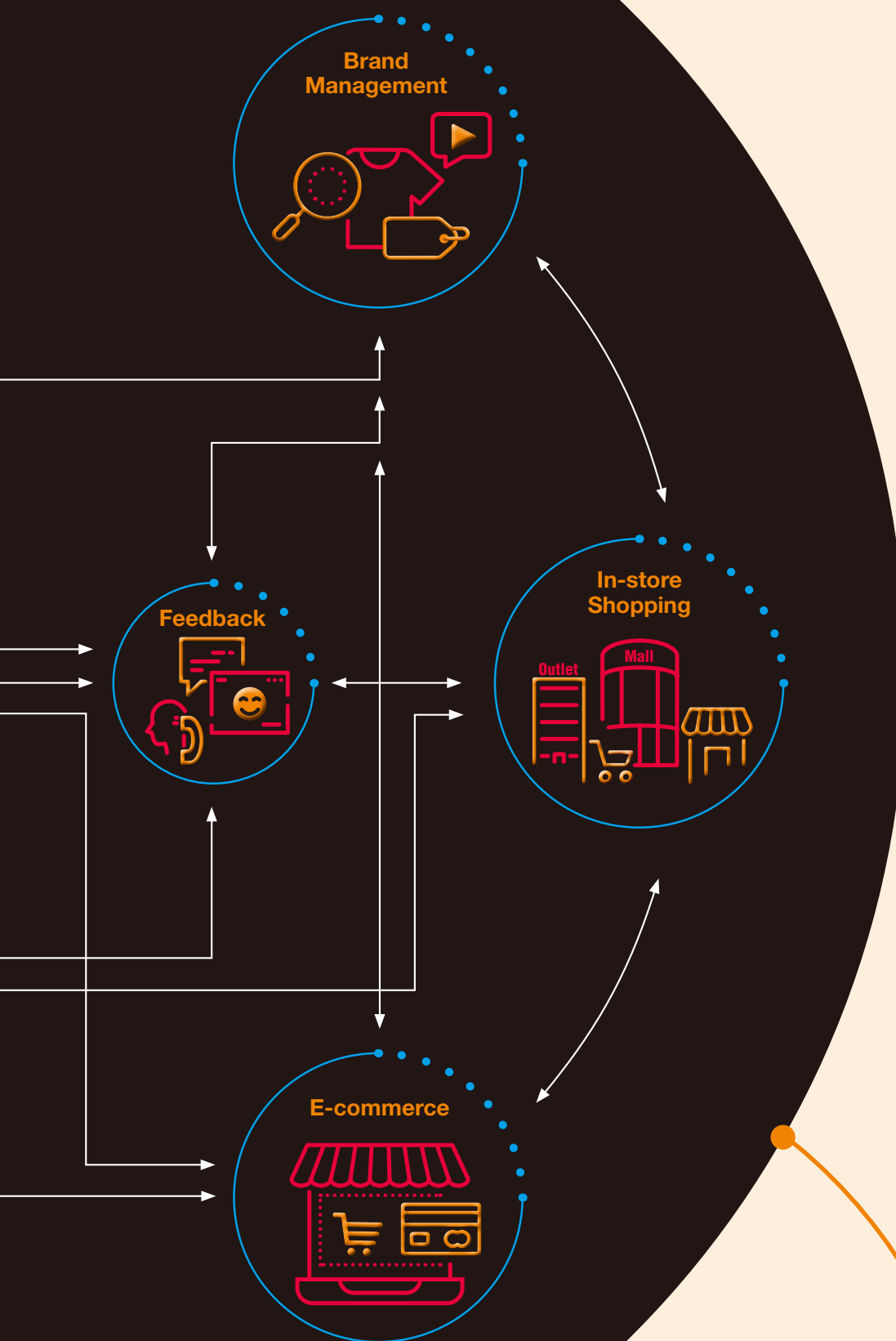




Cai Xukun,
A renowned Chinese singer

Our Business Model





Over 30 years, the Group has successfully developed itself from a traditional footwear manufacturer to a widely recognized global sporting goods company with strong upstream, midstream and downstream capabilities. With a sophisticated vertically integrated business model, we are able to rigorously and effectively monitor and control our entire value chain, from design to R&D, manufacturing, marketing and sales of branded sports products, and to quickly respond to the differentiated needs of our consumers.

As we expand our businesses, in order to stay agile to the market changes, we adopt a hybrid operation model to fully capitalize on the advantages and positionings of our different brands. On the one hand, under wholesale model and franchise business of ANTA's DTC model, we leverage our distributors, franchisees and their local knowledge to sell our products to end consumers through the authorized retail stores they operate. On the other hand, our self-operated retail stores allow us to be more sensitive to the changes in demand of our consumers.

Management Discussion and Analysis

MARKET REVIEW

Demonstrating Resilience with “Dynamic Management” in Adversity

During the financial year, the resurgence of Pandemic in certain regions of China and the implementation of stringent prevention

measures dealt a double blow to our business, as foot traffic dropped significantly and consumer sentiment weakened. Meanwhile, the inflationary pressure persisted, leading to interest rate hikes and tightened monetary policy by the world’s major central banks. The pace of global economic recovery was further impeded by heightened geopolitical conflicts. As a result, the growth of China’s domestic retail market took a hit amidst both internal and external uncertainties.

According to the National Bureau of Statistics of China, China’s GDP grew by 3.0% in 2022, which was lower than its initial growth forecast of 5.5% in early 2022. The second and fourth quarters were hit hardest by the Pandemic, with GDP growth rates of only 0.4% and 2.9%, respectively. The total retail sales of consumer goods amounted to RMB43.97 trillion in 2022, representing a year-on-year decrease of 0.2%. Garments, shoes, hats and textiles remained weak, with total retail sales value decreasing by 6.5%. Consumer Confidence Index dropped to historical low in November 2022, reflecting the challenging business environment in the industry. Nevertheless, the sportswear industry overall still maintained steady growth in 2022 and outperformed the total retail sales of consumer goods, showing that Chinese consumers’ demand for sportswear remained resilient.

The Group has been preparing for a prolonged battle in the face of macroeconomic uncertainties. During the financial year, we continued to adopt a flexible “Dynamic Management” approach in response to market changes. This included accelerating the product distribution process, enhancing inventory efficiency, building up DTC management capabilities, and tightening cost control measures in order to cope with unforeseen events due to the resurgence of the Pandemic. We also maintained healthy level of capital liquidity, which allowed us to prepare for any contingency and implement preventive measures with improved risk capacity to overcome potential impediments.

In addition, we strategically strengthened our omni-channel marketing and optimized resource allocation for our e-commerce business by accelerating our penetration into short-form video and live streaming



platforms, promoting the integration of online and offline channels, and branching out into more platforms that are increasingly sophisticated. At the same time, we also boosted the traffic of our private domain and official website to drive online performance. These measures effectively alleviated the operating and inventory pressure of brick-and-mortar stores brought about by the Pandemic and thus maintained healthy business development. This demonstrated our business resilience and ability to withstand adversity.

Policy Support and Easing of Pandemic Restrictions Spurring Growth for the Sports Industry

As the Pandemic begins to enter a new phase, China's retail market is expected to return to normal gradually. At the end of 2022, nearly three years after the initial outbreak, China adjusted its Pandemic control policy by introducing optimization measures such as "The 20 Measures" and "The 10 New Measures", which achieved positive results and successfully boosted foot traffic and consumer sentiment. Furthermore, a number of favorable factors also came into play to revive economic activities, including the Government's efforts to boost local consumption and stimulate economic growth, national policies that promote sports among the public, the steady development of the sporting goods industry, alongside the rise of outdoor activities and niche sports. Accordingly, we believe that the sporting goods market is projected to rebound from the Pandemic in 2023.

The Chinese government has prioritized boosting retail consumption and stimulating economic growth in 2023. At its Central Economic Working Conference in December 2022, the government highlighted its goals

of expanding domestic demand, increasing local consumption, innovating consumption scenarios, and increasing the income of urban and rural residents through multiple channels. It also pledged support to raise consumption in various industries such as housing improvement, new energy vehicles and elderly care services, as well as creating a favorable social investment environment through both government investment and policy incentives. The launch of various policies to stimulate domestic demand will help improve the sustainability and stability of economic development.

With regard to the development of the sporting goods industry, we believe the mass and outdoor sports sectors are still on a high-growth track. The Chinese government has provided vital support to

the sports industry through introducing a number of policies that encourage people to exercise, including the *Healthy China 2030 Blueprint*, the *Outline for the Construction of Sports Powers*, and the *Nationwide Fitness Program (2021–2025)*, creating a favorable policy environment for the development of the sporting goods industry. In addition, outdoor sports, in particular, have developed rapidly in recent years with new scenarios and new segments emerging constantly. As outlined in the *Outdoor Sports Industry Development Plan (2022–2025)*, the outdoor sports industry has experienced consistent high-quality development, as the number of participants growing significantly. By the end of 2021, the number of people participating in outdoor sports had exceeded 400 million nationwide. The industry is estimated to exceed RMB3 trillion in value by 2025.



Management Discussion and Analysis

Seizing Opportunities Arising out of New Scenarios and Segments with “Single-focus, Multi-brand” Strategies

The traditional sporting goods market has also undergone noticeable changes in its market structure in recent years, as evidenced by a decline in market concentration over the past two years. Part of the reason for such a structural shift was the rise of niche sports. As a result of the public’s rising awareness of health and the growth of diverse forms of exercise, consumers were demanding for greater brand differentiation. Sports brands with niche positioning have hence gained increasing popularity and seized market shares with remarkable growth momentum. A variety of sporting goods categories such as light outdoor, camping equipment, ski products and kids’ sporting goods have maintained a relatively high growth rate in China.

Another reason for this structural change was driven by rising confidence in domestic sporting goods brands among Chinese consumers, especially among the younger consumers who are increasingly recognizing their product quality, technological advancement, aesthetics and innovation. The Group’s multi-brand strategy is underpinned by three growth curves – Performance Sports Group, Fashion Sports Group and our Outdoor Sports Brands. The diverse brand portfolio is designed to cater to the evolving needs of the market by offering consumers differentiated, high-quality products through distinct brand positions. Their complementary nature results in greater competitive edge and synergy for the Group. ANTA and ANTA KIDS are categorized under the Performance Sports Group, while

FILA, FILA FUSION and FILA KIDS are categorized under the Fashion Sports Group, DESCENTE and KOLON SPORT belong to our Outdoor Sports Brands. In addition, Amer Sports, with its presence in multiple sports segments, continues to harness its growth potential and help the Group to achieve breakthroughs and forge ahead in the increasingly competitive sporting goods market.

During the financial year, we continued to advance our plans despite the business challenges and achieved phased achievements. ANTA continued to execute its strategies of “Rooted in and Known for Performance Sport and Fostering Brand

Transformation and Growth” as part of the “Lead to Win” acceleration plan. Capitalizing on the brand upgrade opportunities brought by the Beijing 2022 Olympic Winter Games, it strived to deepen association between ANTA and the Olympics to enhance brand value in consumers’ minds; FILA has been focusing on high-quality growth and has strengthened its popular existing product categories by staying on top of trends. It also drove brand development through elite sports segments; DESCENTE has established itself as a leading brand in the high-end, high-quality professional sporting goods market, with a goal of enhancing its premium branding position, offering top-notch products, and providing exceptional retail experiences.

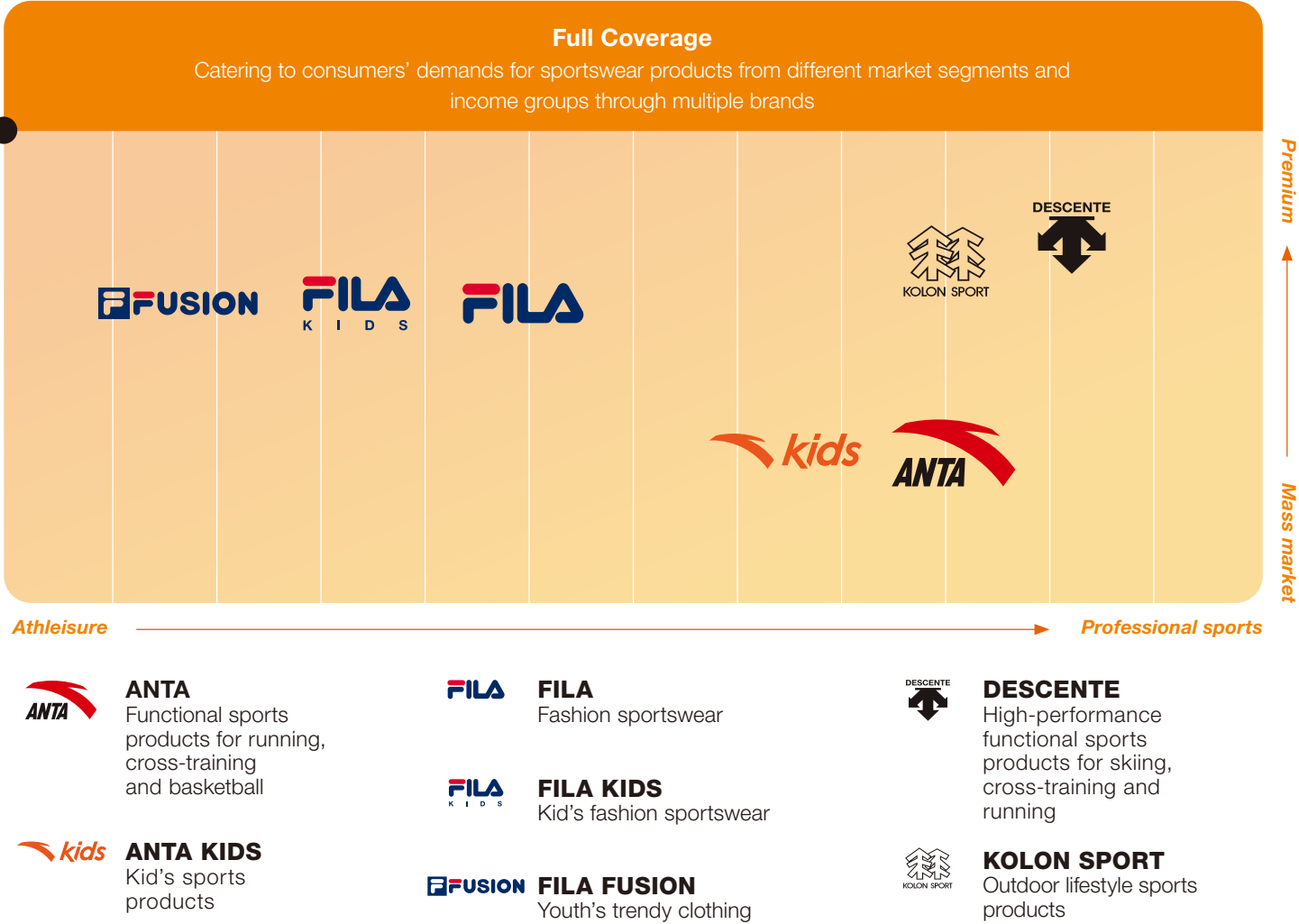


KOLON SPORT has established itself as a leading brand in the outdoor lifestyle market and has been reinforcing its brand position with superior product quality. At the Group level, we have confirmed our roadmap to improve technology and innovation, including the Group's strategies and organizational structure for innovation, and have formed a platform for high-efficiency collaboration, etc. We continued to execute our digitalization strategies and to upgrade official websites. About organizational structure, we have also met our targets for key positions hiring and construction of talent echelon, and have improved our employees' engagement level.

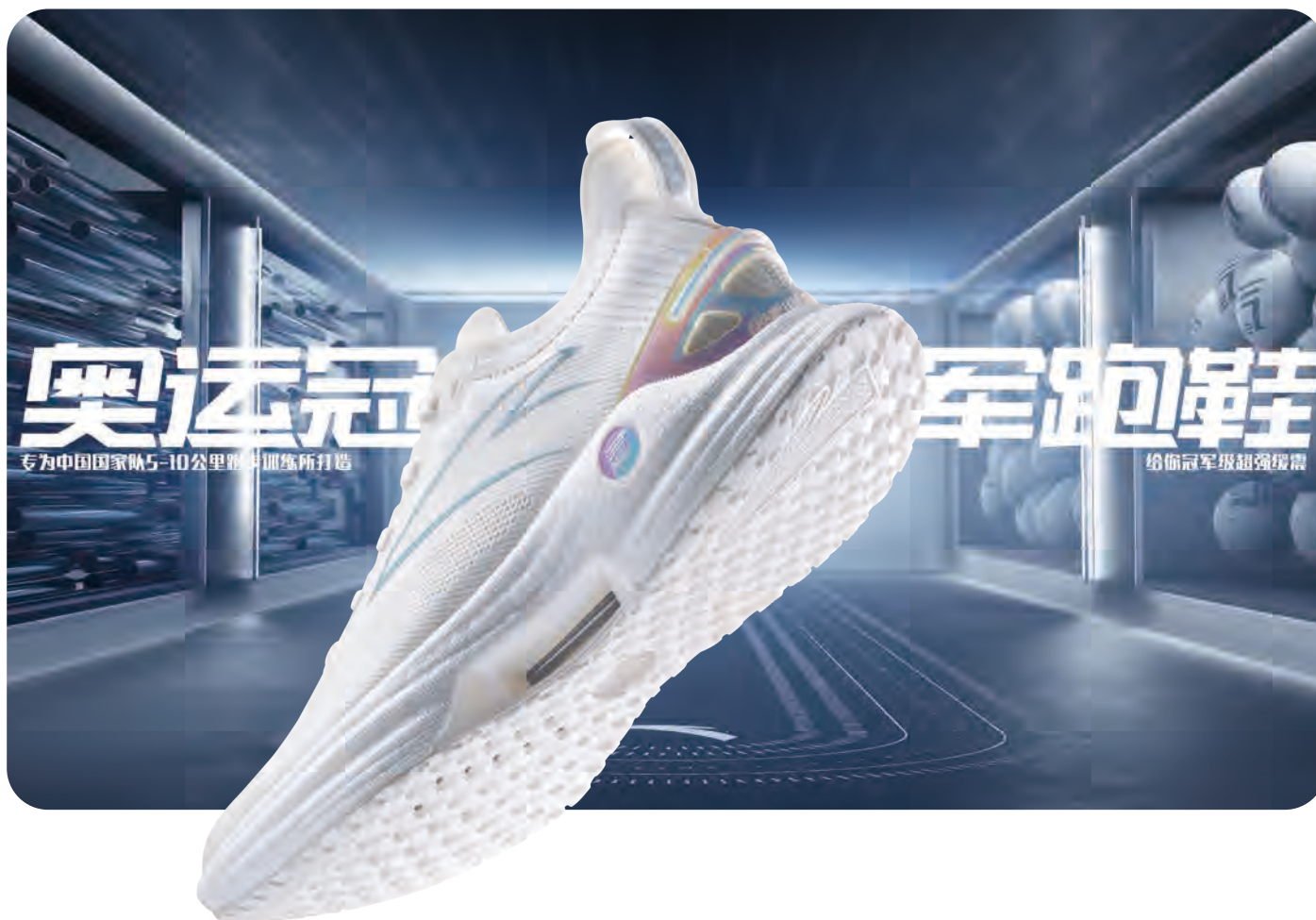
Forge Ahead Steadily and Advancing "Globalization" Strategy

The Group's "Single-focus" and "Multi-brand" strategies have laid a solid and sound foundation, which enabled us to accumulate successful experiences in incubating new brands and expanding our presence in niche markets. At the end of 2021, the Group set out concrete strategies with medium and long-term development goals, putting forward the strategy of "Single-focus, Multi-brand, Globalization". During the financial year, we further optimized our governance structure and business

operations to drive strategic changes and effectively implement the Group's strategies and seize new development opportunities. While emphasizing our "Single-focus" on the sportswear market and creating consumer values, the Group also continued to cater to diverse market demands through our "Multi-brand" strategy, delivering sportswear products with higher quality to consumers. More importantly, the Group further advanced the "Globalization" strategy to expand our global presence, gradually and steadily moving towards our long-term goals and vision to "become a leading multi-brand sportswear group in the world".



Management Discussion and Analysis



BUSINESS REVIEW

Brand Management



ANTA

As a leading sports brand in China, ANTA is committed to providing consumers with functional, professional and technology-driven sports products across a diverse range of sports categories, from popular sports such as running, cross-training and basketball, amongst others, to professional and niche sports.

As the official partner of COC for 16 consecutive years, ANTA continues to

provide sports equipment for 22 Chinese national teams. Leveraging on the brand upgrade opportunities brought by the “Two Olympics”, ANTA launched the brand concept of “Sports for life, ANTA for China” to reinforce its association with the Olympic Games and the COC in the eyes of consumers, thereby enhancing its brand reputation and creating a bigger impact on consumers’ mindset. During the financial year, ANTA ushered in a new chapter for the upcoming Milan 2026 Olympic Winter Games by renewing its partnership with the

Winter Sports Management Center of the General Administration of Sports of China as the official sportswear partner for the next four years. At the same time, they jointly published the *Down Jacket Standard for National Team Uniform* which aims to set a high-quality benchmark for the technology of cold-weather equipment for national team athletes' winter training.

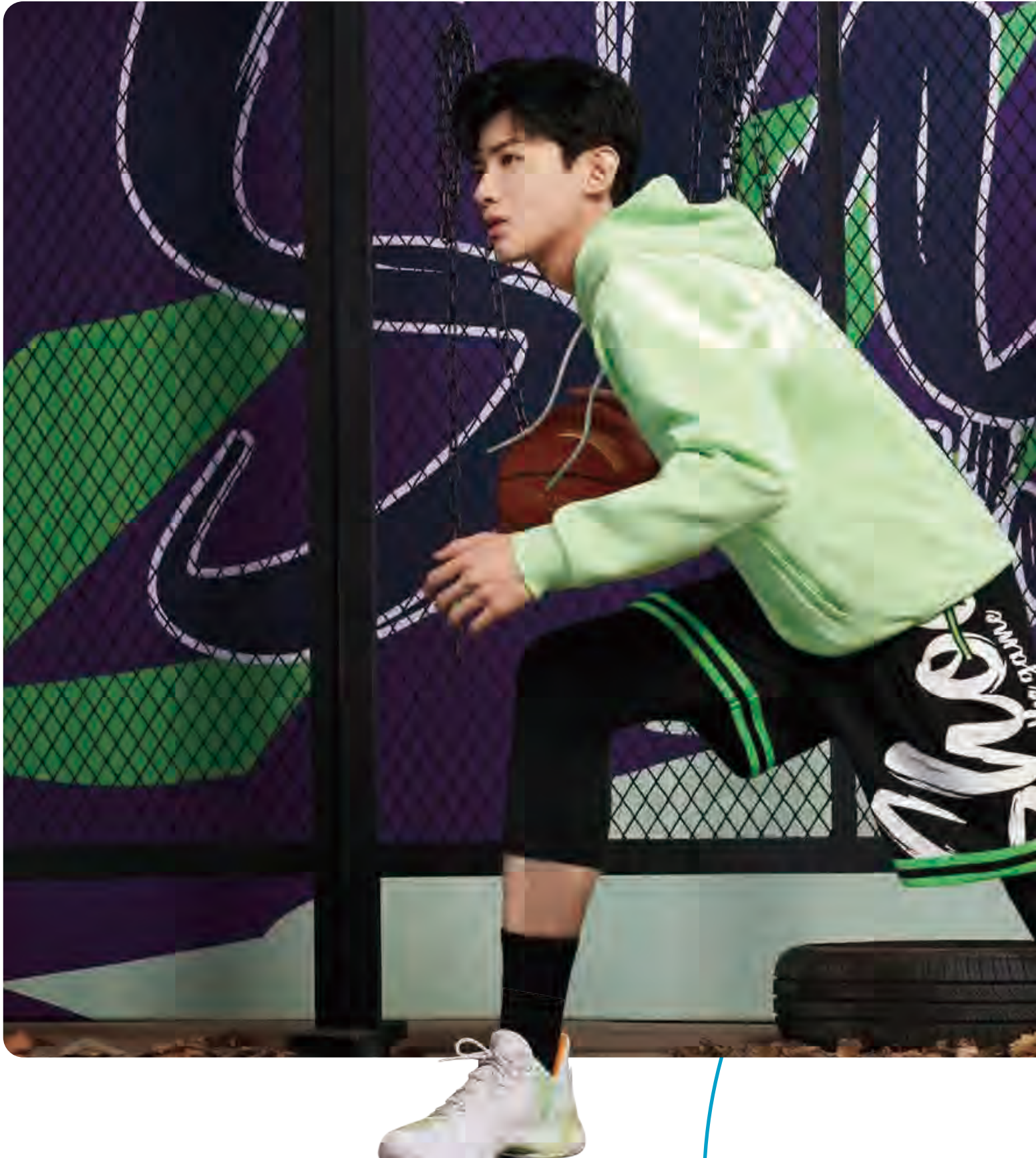
With our core strategies of being “Rooted in and Known for Performance Sport and Fostering Brand Transformation and Growth”, ANTA empowers performance sports with innovative technology. It has developed a product portfolio with technological content to establish a professional sportswear brand image. Drawing on the technologies developed for the professional athletes, ANTA has created a wide range of footwear and apparel products for general consumers with differentiated features. They were underpinned by four key technologies – A-Warm, A-Chill, Aerated and Water-Repellent Technologies for apparel, alongside the new generation of “ANTA Nitrogen” midsole technology, which enhanced environmental friendly, efficiency and performance for footwear. An example of this was “A-Warm Technology” in its winter products, empowered by high-quality 95-down and rare-earth printed lining. The superior heat retention capability and efficient warming function drove the popularity of its professional-grade down jackets among the mass market, increasing consumers' awareness and appreciation of the brand. At the second ANTA Innovation Technology Conference, we launched the “Champion Running Shoes” designed for the 5–10 km training programs of the Chinese national team runners.



ANTA is dedicated to launching a diverse range of high-performance sportswear products to strengthen its position as a professional sports brand. During the financial year, “ANTA Running” launched a series of running shoes that highlighted ANTA’s efforts in technological innovation for the professional running sector. Riding on the resounding market success of FLASHLITE 3.0, ANTA launched FLASHLITE 4.0 and NITRO MACH 2.0 through its unparalleled R&D capability. ANTA also introduced its first forefoot running shoe, the ANTA C001,

which helped two runners win first and third places in the Xiamen Haicang Half Marathon. All these products were a testament to ANTA’s determination to stay ahead of the curve by strengthening its technological innovation in order to meet runners’ needs and enhance their running experience. In basketball, ANTA continued its collaboration with professional basketball players such as Klay Thompson, and launched the highly sought-after KT8 signature basketball shoes during the financial year. It featured the “ANTA Nitrogen” midsole technology

Management Discussion and Analysis





that provides full-foot support as well as SMART S.A.M intelligent shock-absorbing technology. ANTA also actively ventured into new product categories, such as the surfskate series, and has organized the “ANTA Surfskate City Party” in Shanghai, Guangzhou, Shenzhen, and Nanjing, where it leveraged the captivating stories of surfskating adepts to promote the bold spirit of surfskating, which has been well received by surfskating enthusiasts.

Additionally, ANTA reinforced its professional image through continuously sponsoring athletes such as Wu Dajing, Zhang Jike and Eileen Gu. It also attracted young Chinese consumers through the strong influence of renowned celebrities, such as Wang Yibo, Bai Jingtong and Guan Xiaotong. With a range of leading products and marketing campaigns, ANTA has bolstered its brand reputation and successfully attracted and cultivated high-spending consumer segments, with premium consumer groups, such as young white-collar, senior middle class and Generation Z, significantly increased, driving our sales in high-end products and performance sports products.

During the financial year, ANTA continued to expand its footprint in high-tier cities by establishing strategic flagship stores in key cities and increasing penetration into major business districts and shopping malls, in order to further upgrade its distribution channels. Seeking to maintain competitiveness

in different market segments, we continued to strengthen its existing best-selling product series and provide the mass market with functional, value-for-money sports products. We also increased exposure on online channels to boost its sales contribution, thus directly engaging with consumers through omni-channels.

Built upon our solid foundation of our retail business, ANTA embarked on its DTC model transformation in August 2020 which progressed smoothly. During the financial year, the transformation continued to forge ahead. As of December 2022, we had adopted a hybrid operation model in 23 provinces or cities, including Changchun, Changsha, Chengdu, Chongqing, Guangdong, Kunming, Nanjing, Shanghai, Wuhan, Xi'an, Zhejiang, Shenyang, Quanzhou, Xinjiang, Henan, Shandong, Beijing, Harbin, Guangxi, Tianjin, Lanzhou, Guiyang and Jiangxi. Under the DTC model, around 44% of approximately 5,100 ANTA stores were directly operated by us, with the remaining 56% operated by franchisees following our operating standards. Around 67% of approximately 2,100 ANTA KIDS stores were directly operated by us, with the remaining 33% operated by franchisees following our operating standards. With the stores' transformation well underway, our strategy will be more focused on improving DTC store efficiency, product efficiency and profitability. By combining the channel upgrade with the DTC model transformation plan, ANTA will be able to reach consumers directly through omni-channels, enabling rapid adjustments to the product, marketing and consumer experience, laying a solid foundation for future growth.

As of 31 December 2022, there were 6,924 ANTA stores in Mainland China and overseas.

Management Discussion and Analysis



ANTA KIDS

Positioned as a children's professional sports brand, ANTA KIDS is committed to providing high-quality, professional and technology-driven sports products for children aged 1 to 14, addressing their needs for different scenarios including professional competition, training, physical education classes, outdoor sports, running, and basketball, amongst others. It focuses on the kids sports products market in China that is on a high growth trajectory. During the financial year, the Ministry of Education of the PRC issued new curriculum standards that mandate all grades in the nine-year compulsory education system to include "physical

education and health" courses, which account for about 10% of the total class time. Physical education has become one of the three core subjects in the curriculum, emphasizing its importance in cultivating an interest in sports among children from their early age. Coupled with the introduction of the three-child policy in 2021, there is enormous potential for further expansion of the children's sportswear market. Compared with the adult sporting goods market, there is still a mismatch between the supply and demand of children's sporting goods, particularly in the field of professional sports, where there are strong market demands for technologically advanced sports equipment with high performance.

After years of development and advancement, ANTA KIDS has established its strategic position as an “Industry Pioneer” and consistently promoted its philosophy of “Grow Up with Fun”, with the hope to enable children to enjoy “Fun” elements as they grow by encouraging them to release their “Fun” energy while carving their future.

In addition to its focus on style and trendiness, ANTA KIDS also seizes market opportunities by launching a series of footwear and apparel products equipped with children-specific technology, leveraging the innovation achievements attained by our Sports Science Laboratory for ANTA adult’s series. As a result, the footwear and performance sports products elevated substantially as a percentage of

product sales mix. During the financial year, ANTA KIDS introduced “Resilient Elastic”, its first midsole cushioning technology designed specifically for children, into a wider range of products. It is composed of thermoplastic and high elastic polymers such as EVA and TPE foam which improve rebound performance by 191% while simultaneously reducing underfoot pressure by 26% compared to traditional materials, providing protection and energy propulsion for children as they run. The “Resilient Elastic” technology has also been applied to our popular core products, including the UFO and WIND-RIDING running shoes series, which have sold over 3 million pairs combined. In addition, ANTA KIDS also equipped its skiwear products with the GORE-TEX INFINIUM technology, and introduced

other advanced technologies such as the Water Cool technology and Heat Return technology for apparel, which were all well-received by consumers.

Furthermore, ANTA KIDS has expanded the influence of its proprietary IP products by partnering with reputable organizations, such as sport universities and China Tianyan, to launch a range of products. ANTA KIDS joined hands with China Tianyan to create the UFO4.0 running shoes, featuring refined design and enhanced functionality. In collaboration with the Research Academy of Grand Health of Ningbo University, we have also developed the SWIFT LEAPING professional rope skipping shoes to enhance the performance of skippers with the tripping rate significantly reduced by 150%. These high-performance products garnered considerable consumer attention, achieved a satisfactory sell-through rate, and helped us connect more effectively with young people as well as areas and consumer segments with strong spending power, all in all reinforcing consumers’ association of “ANTA KIDS” with “high-performance in sports”.

ANTA KIDS continued to expand its product offerings related to popular and rapidly growing kids’ sports, including products for widely popular sports like basketball, soccer, running and others, as well as performance sports such as kids’ ice and snow sports, figure skating and balance bikes, addressing children’s specific needs in various sports scenarios. During the financial year, ANTA KIDS once again participated in Shanghai Fashion Week, where it showcased its unique ice-and-snow-themed product collection equipped with a variety of hardcore technologies for different scenarios, including outdoor sports, winter skiing and girls’ sports. The brand presented a mix-and-match of sportswear to accommodate various children’s needs.

As of 31 December 2022, there are 2,679 ANTA KIDS stores in Mainland China and overseas.



Management Discussion and Analysis



FILA, FILA KIDS and FILA FUSION

FILA, along with FILA KIDS and FILA FUSION, is positioned as a high-end fashion sports brand that targets high-end consumer in a wide range of age groups. The success of FILA KIDS and FILA FUSION enables FILA to capture more opportunities from a variety of age groups, allowing everyone in the family to be a FILA consumer. During the financial year, even though a portion of stores temporarily suspended operations due to a resurgence of the Pandemic and the overall industry has been shrouded in uncertainties, FILA continued to uphold its core strategy of “Top-notch Products, Top-notch Brands and Top-notch Channels” through innovating and upgrading in the high-end fashion market and promoting the integration of online and offline channels with an aim to maximize synergy through omni-channels and boost sales.



To further enhance its performance sports attributes, FILA focused on developing three elite sports segments, including golf, tennis and running. By establishing itself as both a fashionable and performance sports brand in consumers' minds, the share of performance sports products to its sales mix has increased. During the financial year, FILA partnered with Mission Hills to open new FILA GOLF standalone stores at high-end golf courses in China. The brand also established the FILA GOLF Rising Stars group, which brought top Chinese golfers, veteran coaches and the next generation of elite golfers together to promote the brand. Through

hosting master classes and course activities, the brand aimed to establish a prestigious community, where it can reach out to more core golf consumers and promote its brand culture. In addition, female fitness is an important component of the brand's strategic planning. We established the concept of "FILA Latte Girl" to portray a chic style for fitness and endorsed a renowned actress, Ning Chang to help promote the strength, confidence and elegance of "FILA Latte Girl".

FILA is committed to providing sports enthusiasts with high-performance apparel that helps enhance their performance while

bringing style to their training sessions. During the financial year, FILA harnessed its advantages in upstream raw materials sourcing and R&D capability to continuously innovate in product design and textile design. FILA GOLF has developed the HYPER-MOVE technology, introduced non-shedding ultra-light down in its new winter down jackets, while using GORE-TEX INFINIUM warming technology to effectively combat the windchill factor outdoors while ensuring a lightweight wear experience, making its apparel suitable for a wider range of scenarios.

In addition, in order to provide consumers with unique experiences, FILA continued to lead the way in fashion through its endorsers and its distinct product lines, such as FILA WHITE LINE, FILA ORIGINALE and FILA MODERN HERITAGE. FILA also collaborated with various fashion brands to launch several crossover series that infuse art or fashion styles into its sportswear, reflecting the brand's spirit as a pioneer in fashion sportswear.

In terms of channel deployment, FILA continued to optimize its existing stores by consolidating inefficient stores, upgrading stores in terms of space and image, as well as introducing a number of new concept stores across China, such as FILA ONE, FILA ULTRA and FILA GOLF, to effectively engage with consumers in heterogeneous scenarios. Additionally, FILA strategically expanded its e-commerce business through increasing brand penetration into high-growth live streaming and social platforms, which has led to noticeable breakthroughs and tremendous growth in the brand's online business. Its growth rates on major e-commerce platforms have outperformed the industry.



Management Discussion and Analysis



FILA KIDS was launched in China in 2015, with the aim of providing high-end children's apparel and footwear products. With its rapid development, FILA KIDS has established its leading position in the high-end kidswear market. During the financial year, FILA KIDS continued to deepen its development of performance sports products for children, with a focus on outdoor sports such as children's tennis, skiing and running. It actively cooperated with major professional sports events, including the Junior Alpine Ski Open and the Tennis Challenge, all of which were highlights of children's sports in 2022.

FILA KIDS focused on innovative R&D and continued to achieve breakthroughs in product development, including the launch of high-unit-price professional carbon-plated

running shoes for children to help unleash their potential. It also co-branded with the FILA KIDS Diamond Cup Junior Tennis Challenge and introduced a professional tennis series with the application of ACE-TEX Tennis technology that features high air permeability and quick dry functions. Furthermore, FILA KIDS has infused the "Ice technology" used by the national ice and snow team into children's skiwear to enhance the performance of young athletes. FILA KIDS continued its streak of launching crossover collections for kids, including a joint collection with Italian luxury brand MSGM. The collection was first launched at the FILA KIDS x Tmall Annual Member's Day online event and showcased the charm of high street fashion for children.



FILA FUSION opened its first store in 2017 to target the younger consumer segment, blending the concepts of youthfulness, upbeat attitude and trendy sports. The Group actively highlighted the brand's differentiation and established FILA FUSION as a young trendy lifestyle brand with street style at its core. FILA FUSION combined sports with functional, trendy and vintage elements. It launched crossover collections with internationally renowned brands to explore different fashion trends as well as targeting different consumer groups by establishing a community marketing approach in street fashion circles. During the financial year, FILA FUSION achieved breakthroughs in both footwear and its female customer base. Following the successful collaboration with FACETASM in early 2022, FILA FUSION launched a crossover limited edition of the FILA TERATACH "Boyfriend shoes" and "Cheese shoes", amongst others, which received an overwhelming market response. FILA FUSION also partnered with N21 to launch the FILA FUSION x N21 series, which perfectly presented classic Italian design and trendy design style.

As of 31 December 2022, there were 1,984 FILA stores including FILA KIDS and FILA FUSION standalone stores in Mainland China, Hong Kong SAR, Macao SAR and Singapore.



Management Discussion and Analysis

DESCENTE

Having upheld the design-driven sports spirit of “DESIGN THAT MOVES” throughout 80 years of brand legacy, DESCENTE incorporates revolutionary technology with ingenious craftsmanship into each of its creations. Through years of relentless effort and dedication, DESCENTE has established itself in the China market by encompassing skiing, golf, cycling, running, cross-training and female fitness, amongst others, capturing the attention of core consumers who pursue unique high-tech materials and exquisite craftsmanship.

During the financial year, DESCENTE proactively expanded its professional ski product portfolio, so as to bolster its brand salience among consumers and elevate its professional image in the high-end skiing market, leading to robust growth in its professional ski clothing and high unit price products. Additionally, DESCENTE held its Technology Conference to unveil its brand-new “Temperature-locking Technology System for Performance Sports”, which consists of five pioneering temperature-locking technologies – SPACE WARMER, HEAT NAVI®, SPACE WARMER with HEAT NAVI®, HEAT CONTROL, and 3D INSULATOR SYSTEM. These top-notch technologies have been infused into our innovative products with an aim to enhance sports performance. To solidify the brand’s high-end position and achieve professional breakthroughs, the conference also offered both offline and online immersive viewing experiences.

Furthermore, we continued our partnerships with famous celebrities, including Eddie Peng and William Chan, to promote the brand’s spirit and a wide range of products. DESCENTE’s devotion on high-end and high-quality product lines exemplified by its first crossover snowboarding-wear collaboration with KAZUKI KURAISHI, a contemporary Japanese fashion designer.

The collection created a glamorous sporting experience for snowboarders with professional ski technology and exquisite craftsmanship.

In order to meet the diverse needs of sports enthusiasts, DESCENTE continued to incubate new businesses, expand into various performance sports fields with a strengthened product portfolio, launch products with high unit price, improve product quality and build a diversified product matrix including cycling, running, cross-training, and women’s series. During the financial year, DESCENTE expanded its product lines beyond skiing into multiple sports fields, such as golf and triathlon, to explore the demand arising out of different sporting scenarios. DESCENTE is dedicated to creating golf products that could enhance brand salience and creating member communities, as well as sponsoring Chinese and international star golfers, including Li Haotong, Yuan Yechun and Wu Ashun. As a

result, golf has become one of DESCENTE’s key business segments. We also launched the “AWAKEN PACK”, a new series of professional triathlon equipment.

DESCENTE placed significant emphasis on elevating the consumer experience. During the financial year, D-MOVERs, DESCENTE’s dedicated platform for adventure sports lovers, organized more than 100 community activities centered around the three major professional sports – skiing, golf and triathlon, with the goal of fostering an exclusive community for DESCENTE members. The “Precision Refinement Camp”, a program catered to triathlon enthusiasts, also launched several online courses and offline activities across various cities in China to empower sports lovers through professional content.

In terms of store upgrades, DESCENTE has strategically placed diversified, high-efficiency flagship stores and upgraded



existing stores in key cities to augment brand influence across various regions. Regarding e-commerce, DESCENTE continued to pursue a scene-driven omni-channel operation that focuses on private domain. As of 31 December 2022, there were 191 DESCENTE stores in Mainland China, Hong Kong SAR and Macao SAR.

KOLON SPORT

Since its founding in 1973, KOLON SPORT has strived to be a premium outdoor lifestyle brand that seamlessly blends fashionable design and functionality. Successfully satisfying consumers' sophisticated needs for functionality, KOLON SPORT has transcended the boundaries between urban and outdoor fashion through fashionable and inventive design. To seize the strong demands from the outdoor sports and camping market, KOLON SPORT continued to improve consumers' experiences through advocating a premium outdoor lifestyle, product innovation, integrated marketing and retail image upgrades.

During the financial year, KOLON SPORT has formed a strategic partnership with premium hotel brand SUNYATA. By integrating camping furniture and equipment in hotel rooms and developing KOLON SPORT's exclusive outdoor hiking trail in Meili Mountain Range, more people can enjoy the fun of outdoor activities. The collaboration also promoted a high-quality outdoor lifestyle and strengthened the brand's high-end positioning. In addition, we continued to team up with various e-commerce platforms to foster outdoor culture. By organizing camping festivals and creating glamping scenes, we successfully drove up media exposure. As a result, our e-commerce business has recorded strong growth and our ranking among outdoor brands on online platforms has also significantly improved despite a challenging market environment.

KOLON SPORT is committed to expanding its camping and outdoor gear product line. During the financial year, it launched a range of new offerings including ODUMAK camping series, the lightweight AEROLITE meteorite tent series, ZERO G zero-sensing light running jackets,

and light measure camping jackets. The brand enlisted renowned actor and actress, Chen Kun and Liu Shishi, as the official brand ambassadors. In order to tap into relevant markets, the brand widened its product range in pursuit of becoming a brand that appeals to youngsters and women. It also stretched the price distribution of its products to enlarge its consumer base. Meanwhile, the brand has been actively promoting its proprietary R&D capability in technological fabrics and technical equipment to strengthen its professional image.

Through the establishment of the "KOLON Road Lab", KOLON SPORT held various themed events, focusing on high-end consumers' special demands with a view to gain competitive advantage over the others. Since its establishment, events have been held in over 10 cities featuring a variety of activities including plogging, mountaineering, hiking, rock climbing and camping, encouraging consumers living in urban areas to get involved in sports by naturally integrating it into their daily lives, as well as promoting the green concept. Moreover, KOLON SPORT has been enhancing its stores' images and entering high-end channels to align with its product positioning. It has expanded its footprint in first-tier cities such as Shanghai, Wuhan, Chengdu, and Hangzhou, focusing on high-end and core business districts. Marketing campaigns have also been conducted in these strategic locations to establish a foothold in the high-end market. During the financial year, KOLON SPORT opened its first urban concept store in Beijing with a camping scene in the store, which demonstrated the brand's outdoor DNA. The brand also organized an interactive art exhibition at Grand Gateway 66 in Shanghai with the theme of "Into the Icy Wilderness of the Poles" to portray polar exploration in an artistic and immersive way.

We are confident that KOLON SPORT's ongoing efforts to expand its strategic presence in high-end shopping malls and e-commerce platforms will become one of the key growth drivers in the Group. As of 31 December 2022, there were 161 KOLON SPORT stores in Mainland China and Hong Kong SAR.



Management Discussion and Analysis

Supply Chain Management and Digitalization

In 2022, the economy remained complex due to the unpredictable development of the Pandemic. Under the challenges of delivery, quality and cost, we have developed a supply chain management model with global multi-brand operational excellence. Our supply chain centers on the procurement platform and focuses on the core strategies of each brand, while establishing different procurement models and strategies to cater the differentiated needs of multiple brands.

During the financial year, the Group announced the construction of an integrated operation center in Suzhou to drive the reengineering of the Group's business

process. The center will introduce world-leading digital technology, smart equipment, and a diverse range of businesses covering import distribution, sales settlement, digital operation, smart warehousing and showroom experience.

The Group's digitalization projects have enhanced our intelligent inventory replenishment system and improved the flexibility of our supply chain. We strengthened our fast replenishment system to better manage the inventory levels of multiple brands under ever-changing macroeconomic conditions. To provide a more comprehensive solution for the O2O model, we strived to continuously improve the service quality and efficiency of our logistics operation.

For logistics, the Group has implemented the "5+N" network strategy by building a logistics network comprising five first-tier regional warehouses and multiple second-tier cloud warehouses. By establishing a demand-matching mechanism through automation and intelligent equipment, and optimizing operational management, this strategy can cater the needs of city-level logistics and delivery in various consumption scenarios. Meanwhile, we continued to expand our retail logistics network of our regional and cloud warehouses and unified the operation standards of each warehouse. Through the full operations of Southern China warehouses and Southwestern China warehouses and the support of various digital tools, we increased the volume and efficiency of direct distribution to stores. In

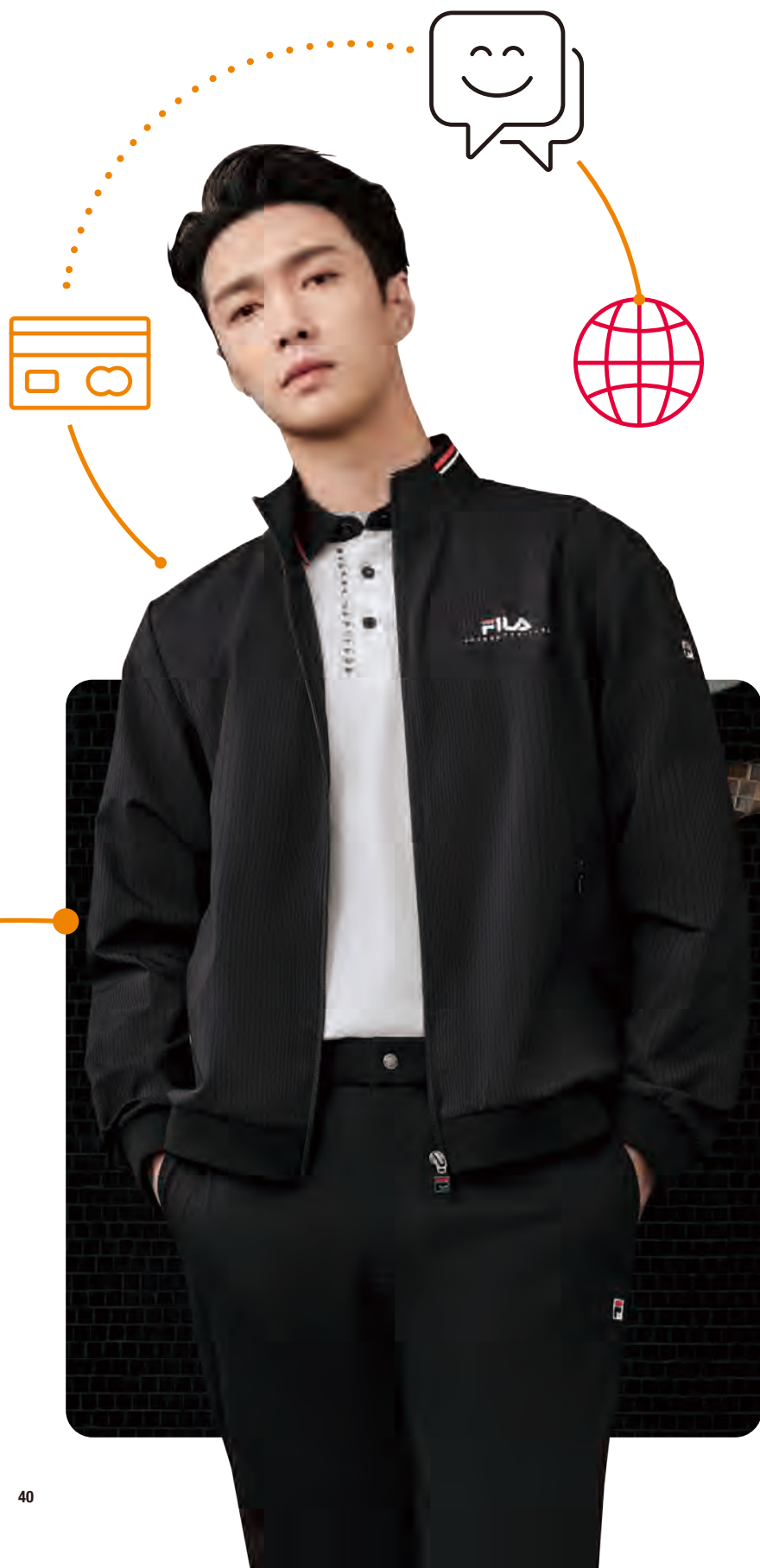




In addition, the construction of the second and third phases of the logistics center continued as scheduled, which will improve our delivery efficiency and expedite the deployment of our e-commerce business. During the financial year, the Group was rated as a national 5A-graded logistics enterprise, reflecting that its comprehensive capability, management capacity and service standards were highly recognized and ranked among the leaders in the country.

For production, the Group carried out a number of innovation and reform initiatives in the areas of raw materials supplier and R&D, to meet the increasing demand for high-end and functional products under each brand during the financial year. We introduced high-end technological material suppliers and producers while striving to improve the value for money with upgraded material quality. For instance, the industry-first intelligent automated production line for shoe granules was commenced in Henan, the ANTA Shoes Innovation R&D Center was unveiled in Jinjiang, and Changting ANTA Sports Products Co., Ltd. has completed its second phase of smart plant construction. The upgrades of the R&D center and equipment will expedite the transformation toward digital intelligence. In addition, the Group signed a cooperative R&D agreement with the Changchun Institute of Applied Chemistry of the Chinese Academy of Sciences to collaborate on an advanced material R&D incubation plan, with an aim to create a scientific research and innovation system covering the entire supply chain. During the financial year, ANTA's self-produced footwear and apparel accounted for 21.1% and 9.6% respectively out of our total sold quantities (2021: 25.5% and 9.7%). FILA's self-produced footwear and apparel accounted for 8.4% and 3.8% out of our total sold quantities (2021: 21.5% and 3.6%).

Management Discussion and Analysis



Product Management

Technological innovation, original design and product safety have been the keys to product differentiation. By continuously investing in product innovation, we believe that we can achieve the sustainable and healthy growth of our business.

During the financial year, we entered into partnerships with a number of industry partners and invested resources to enhance R&D capabilities and cultivate talent. The Donghua University – ANTA Group Joint Innovation Center was established, specializing in the application of ultra-light, ultra-thin warming materials, as well as cooling and drying technologies in sporting goods. The center aims to advance interdisciplinary collaborative innovation, promote China's sports industry to expand its global influence. The Group also collaborated with the Beijing Institute of Fashion Technology to set up a sporting gear research center that dedicated to the R&D and production of cutting-edge sporting equipment. The center serves as a platform for industry-academia research collaboration in order to accelerate the training of professional talents and the commercialization of key R&D projects. Additionally, the construction of ANTA Postdoctoral Research Program has been approved. The project will focus on cultivating high-end scientific research talents in the fields of sports science, new materials, new technologies and new processes with postdoctoral research stations.

During the financial year, the Group introduced the “Champion Running Shoes” at the second ANTA Innovation Technology Conference, which showcases the Nitrogen Technology and carbon tube suspension system, as well as an outsole technology platform featuring continuous transformation and upgrades, in order to enhance the performance of technology sports products with smart technology and develop running shoes with targeted functions.

With our dedication to providing high-quality products, we strictly control the quality of all our products, to ensure we deliver perfect products to consumers. If a product with quality problems or potential safety hazards is found after leaving the factory, we will recall the products, and ensure that they are subsequently dealt with in a proper manner according to the “ANTA Recall Management Policy” to reduce the negative impact of selling defective products.

E-commerce Business

During the financial year, there were structural changes in the e-commerce market. Overall growth of comprehensive e-commerce platforms has slowed down, platform decentralized, and live-streaming platforms have successfully enlarged their market shares. We formulated differentiated marketing strategies for different e-commerce and social platforms, fostered collaborations with a variety of platforms as well as strengthened our penetration into them, in order to implement precise marketing to the satisfy specific needs of our diverse consumer base. Consequently, the e-commerce business of all brands during the financial year contributed 34.3% (2021: 28.6%) of the overall revenue of the Group and increased by 30.7% as compared with 2021 in terms of absolute amount.

We have taken a multi-pronged approach to strengthen our e-commerce presence. In addition to focusing on traditional e-commerce marketplaces, we continued to enhance the operations and content of our official e-commerce store while optimizing the consumer experience. We stepped up our effort to maximize opportunities on emerging platforms and established operation standards, providing appropriate products to support high-performing stores on these platforms. We also optimized our membership system on multiple channels by enhancing member loyalty through differentiated approaches in operations as well as frequent engagement with high-tier members. With the advancement of the short-form video industry, we actively expanded in the field of live-streaming e-commerce, built our live-streaming team, and ramped up our investment to cooperate with the platforms for marketing activities, which enable us to reach a wider audience for all our brands. Among all these online platforms, our business experienced particularly significant growth in our official e-commerce store and Douyin. During the “Double 11” Shopping Festival, our brands

achieved outstanding results in terms of ranking on various online platforms and delivered impressive growth amidst a challenging macro backdrop during the financial year.

By leveraging the online traffic through social media platforms, we spurred consumer sentiment through different marketing campaigns. We strengthened in-store live-streaming marketing, especially during the lockdown period caused by the Pandemic. We shifted sales activities from brick-and-mortar stores to online during lockdown, and at the same time improved consumers’ online experience and expanded private domain traffic to achieve high-quality online growth. On the other hand, we tapped traffic from the public to the private domain and our official e-commerce store through recommendations by key opinion leaders as well as content marketing such as sharing sports knowledge and cultivating a healthy lifestyle on social media platforms, so as to drive our sales volume. Furthermore, we continued to fine-tune the mix of available-exclusively-online products and in-season products in different e-commerce channels to optimize the merchandise selection mechanism. We also stepped up efforts on membership value creation, official e-commerce stores buildup, and public traffic to private domain transformation.

Human Resources Management

The cornerstone of our success is the joint exertion of our employees at all levels. We have a distinct organizational structure, emphasizing the training and development of our employees, which allows them to contribute their strengths. We are committed to complying with all relevant laws, rules and regulations in order to establish a safe and collegial work environment, to ensure our steady long-term development. We are also dedicated to establishing a favorable environment for both employees and enterprise development, as well as

encouraging our employees to discover their own sense of self-worth. In 2022, the Group won a number of “Best Employer” recognitions, including “Best Employer in China 2022” by China Enterprise Confederation, and “2022 China’s Most Attractive Employers Top 100” by Universum, establishing ourselves as a role model of Chinese employers.

During the Pandemic, the safety and well-being of our employees and their families were of utmost importance, as we provided timely material support and spiritual care for them. In addition to stringent disinfection in the workplace, we also made medicine readily available to employees in need. We encouraged large-scale meetings to be held online to contain the risk of cross-infection and improve operational efficiency. A round-the-clock psychological counseling hotline and platform had been established to help employees alleviate their mental stress. During the acute phase of the Pandemic, the Group extended its care to employees’ basic necessities, providing nucleic acid testing inside the workplace and offering necessary services such as health checkups, comprehensive medical insurance, and food delivery.

In addition, we offer our frontline employees a more competitive remuneration compared to our peers, promote an inclusive and positive corporate culture, and maintain good communication with employees. We encourage employees to explore their full potential with the mentality of “Leaders as Role Model” and “Benchmarking with High Standards”. To improve our employees’ capabilities, we also provide tailored skill training that caters to the needs of various job functions. Our employees are required to participate in regular assessments to ensure that they meet regular standards and possess state-of-the-art know-how.

As of 31 December 2022, we had approximately 59,000 employees (2021: 52,000 employees).

A full-page photograph of actress Ning Chang standing in a snowy mountain landscape. She is wearing a white and black ski jacket with various sponsor patches, including FILA, VIS, KRONPLATZ, and ALFA ROMEO. She is also wearing a black t-shirt, dark blue ski pants, and white ski gloves. She is holding a pair of white skis vertically in front of her. The background shows snow-covered trees and a clear blue sky.

Ning Chang,
A renowned actress



Profit For The Year

+0.3%

To RMB

8.2 Billion

Management Discussion and Analysis

Internal Management

Legal Compliance

To the knowledge of the Directors and management, we are not aware of any non-compliance of laws or regulations resulting in a significant impact on the Group.

As part of our corporate governance practice, Audit Committee regularly reviews and monitors the Group's policies and practices in compliance with legal and regulatory requirements.

Relationship with Stakeholders

Good corporate governance mechanisms help build stable relationships with our suppliers, distributors, franchisees, customers, shareholders and other stakeholders. Through various communication channels, we collect feedbacks and advices from stakeholders, which provide considerable benefits to our business. Maintaining long term relationship with our stakeholders is not only an intangible asset to us, but also helps all parties comply with common code of business ethics, achieving win-win outcomes.

Environmental Protection Measures

We understand that the environment has a long lasting impact on our future development. Meanwhile, we have undertaken several measures like upgrading facilities and adopting clean energy as well as improving our administrative management. For example, factories are encouraged to utilize energy-saving lightings and standardize the use of air conditioning to reduce energy consumption and carbon emission. Besides complying with relevant laws and regulations, we launched "ANTA

Grand Forum" to serve as a communication platform for employees to share and exchange their ideas on environmental protection. More importantly, we continue to strengthen our product innovation capability by actively exploring eco-friendly materials for our products series.

For further details of our works in environmental protection, please refer to the Company's *Environmental, Social and Governance Report 2022*.

Principal Risks and Uncertainties Facing the Group

Policy Risk

Risk of Foreign Exchange Policy

While the Group's businesses in Mainland China are denominated in RMB, offshore businesses are denominated in other currencies, which could result in other currencies cash flows. Currently, RMB is a managed floating currency which is adjusted by reference to a basket of foreign currencies. The conversion rates of RMB into other currencies are subject to market fluctuations and are impacted by global economy and political conditions. Changes in foreign exchange rates affect the value of the Group's assets, debts, income and expenses which are denominated in other currencies, leading to impacts to the Group's financial position and performance.

Risk of foreign investment policies

In 2019, a consortium of investors leading by the Group was formed and successfully acquired Amer Sports, an international sports brand group with internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc. The consortium has formulated a strategic

growth plan to unlock the full potential of those sporting goods and equipment brands. However, outbound investment involves many relevant policies and regulations of China and overseas. If there are subsequent changes in relevant laws, tax policies, foreign exchange policies and financial policies, it may have an adverse impact on the Group's investment value.

Operational Risk

Risk from Counterfeit Brands

Brand is a key consideration that consumers take into account when buying sportswear products. There are a number of unscrupulous manufacturers that counterfeit well-known brands and conduct illegal sales, which has an adverse impact on the brands they replicate. As our brands and sportswear products are well-regarded in the domestic market, we have proactively adopted a number of different safeguards to protect our self-owned IP rights, but it is difficult to identify every infringement of our brands immediately. If our products were counterfeited on a mass scale in the future, there would be an adverse impact on our brand image and profitability.

Production Safety Risk

Due to the particularity of the sportswear manufacturing, fire prevention of manufacturing facilities is especially important. The glue used in the production process and semi-finished products and finished products are flammable, and fire would affect production directly and cause an adverse impact to our (and suppliers') operations.

Risk of Channel Costs Increase

We adopt a hybrid business model combining wholesale and retail for different

brands, including DTC model and direct retail model. Should retail shop rents and staff costs increase, profitability of the Group, distributors and franchisees would be reduced.

Risk of Cross-Region Operation

Consumer groups' purchasing power and consumption preference are different among different regional markets. Currently, our business locates in multiple areas in China as well as some overseas markets, and it is under fast, steady and healthy development. The cross-region operation and business development bring in higher requirements on the Group's existing organizational structure and managerial system. Therefore, potential internal management and operation risks could exist.

Force Majeure Risk

In case of an uncontrollable change of external market and environment (for instance, a potential natural disaster, an epidemic of category A or category B infectious diseases with provincial level impact, as well as political and economic issues in China and foreign countries), it would have an adverse impact on our operations, and we may not be able to raise sufficient capital resulting in negative impact on sufficient repayment for all borrowings on time.

Management Risk

Subsidiaries Management Risk

Over the years, the Group has conducted strict management and control of its subsidiaries and branch companies in various aspects, including manufacturing, operation, sales, human resources, finance etc. However, the fast development of the Group's businesses and the continuous expansion of its asset scale bring in higher

requirements on the Group's organizational structure and managerial system. This has increased the difficulties to a certain degree in terms of the Group's organizational coordination and operational management. Therefore, potential internal management and operation risks could exist.

Risk of Brand Reputation

The Group has established a complete internal control system as well as product quality and safety management system, in order to facilitate risk and quality controls across the full process. However, there are various factors affecting the product quality. Any mismanagement or loopholes in the process of quality monitoring and procedure control could lead to product quality problems that might not satisfy consumer's need. In this case, our brand image, product sales and operational results could be adversely affected.

Supplier Management Risk

Despite our strict selection mechanisms and quality control system towards suppliers, our business may be affected by numerous factors relating to our suppliers, including the quality of raw materials provided, the timing of product deliveries, transportation capabilities and management capabilities, among others. Cases where the quality of raw materials fails to meet our standards; quality inspection departments are not able to identify defective products in time; products are not delivered on time, to the right location or in the right quantity; and products are lost or damaged during delivery, would all have adverse impacts on our operations. Furthermore, our operation would also be adversely affected by suppliers' liquidity problem or credit deterioration.

Risk from Talent Shortage and Loss of Talent

The branding of sportswear industry, the digitalization upgrade and the optimization of supply chain require many talents who specialize in brand management, product planning, product design, information management and supply chain management. However, there is a shortage of relevant professional talents in China, and a large scale loss of those kinds of talents in the future would adversely impact our operations.

Risk from Logistic Management

We primarily rely on third-party logistics companies to transport our products, and because there are a number of logistics companies that we work with, we face challenges in logistic management. If there are any negligence or mistakes by any logistics companies, resulting in any delay or error on supply of certain products, or even causing product damage, our operations would be adversely affected. Should any incidents occur, such as traffic accidents, natural disasters or strikes, among other issues, the supply of our products may be temporarily interrupted, meaning that we would not be able to deliver products to our customers, stores, distributors and franchisees in time. This would have an adverse impact on our operations.

(Certain risks were considered as major risks for the financial year based on the risk assessment by management. For details and the related countermeasures, please refer to the Company's Corporate Governance Report hereunder.)

Management Discussion and Analysis

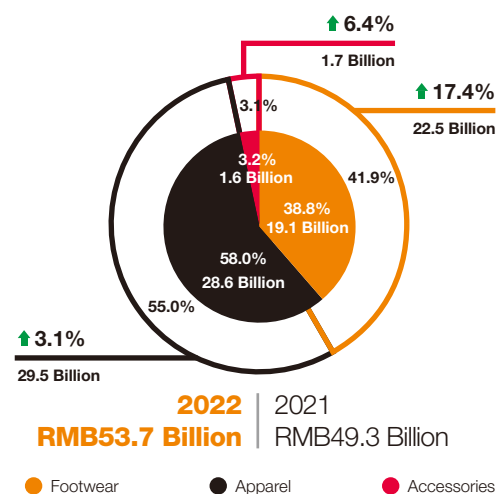
FINANCIAL REVIEW

Revenue

Breakdown by Product Category

The following table sets out the Group's revenue by product category for the financial year:

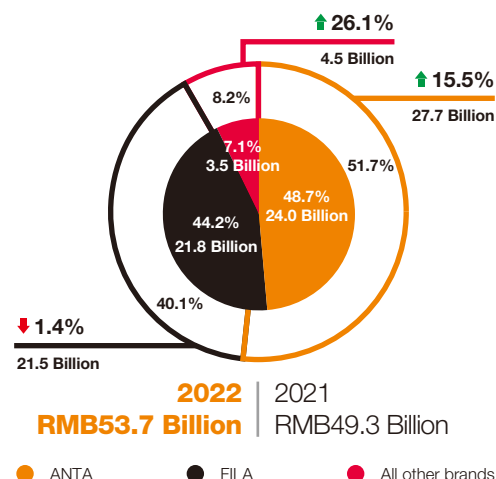
	Year ended 31 December				Changes
	2022		2021		
	(RMB million)	(% of Revenue)	(RMB million)	(% of Revenue)	(%)
Footwear	22,471	41.9	19,139	38.8	↑ 17.4
Apparel	29,523	55.0	28,632	58.0	↑ 3.1
Accessories	1,657	3.1	1,557	3.2	↑ 6.4
Overall	53,651	100.0	49,328	100.0	↑ 8.8



Breakdown by Segment

The following table sets out the Group's revenue by segment for the financial year:

	Year ended 31 December				Changes
	2022		2021		
	(RMB million)	(% of Revenue)	(RMB million)	(% of Revenue)	(%)
ANTA	27,723	51.7	24,012	48.7	↑ 15.5
FILA	21,523	40.1	21,822	44.2	↓ 1.4
All other brands	4,405	8.2	3,494	7.1	↑ 26.1
Overall	53,651	100.0	49,328	100.0	↑ 8.8



During the financial year, the Group's revenue increased by 8.8% as compared with 2021 to RMB53,651 million (2021: RMB49,328 million). Throughout most of the year 2022, in strict adherence to the Pandemic preventive policies and initiatives in Mainland China, the Group temporarily suspended the operation of certain brick-and-mortar stores (offline channel) in designated areas in compliance with the guidelines and requirements of local governments. Hence, the offline retail business of the Group was negatively impacted by both a significant drop in foot traffic and weakened consumer sentiment. As a result, the growth momentum for the Group's retail sales performance was adversely affected. Nevertheless, the Group strategically enhanced our e-commerce platforms (online channel) presence to drive online sales, which partially offset the impact of the suspension of the operation of the brick-and-mortar stores.

ANTA segment contributed 51.7% of the overall revenue to the Group. The segment revenue increased by 15.5% as compared with 2021 to RMB27,723 million (2021: RMB24,012 million). The growth in ANTA segment revenue was mainly attributable to (i) growth in e-commerce business; and (ii) increase in DTC revenue as a result of the continuous DTC model transformation in Mainland China; while the increase was partially offset by the Pandemic impact during the financial year.

The following table sets out the ANTA segment's revenue by business model for the financial year:

ANTA Segment	Year ended 31 December				Changes
	2022		2021		
	(RMB million)	(% of Revenue)	(RMB million)	(% of Revenue)	
DTC	13,687	49.4	8,554	35.6	↑ 60.0
E-commerce	9,677	34.9	8,221	34.2	↑ 17.7
Traditional wholesale and others	4,359	15.7	7,237	30.2	↓ 39.8
Total	27,723	100.0	24,012	100.0	↑ 15.5

FILA segment contributed 40.1% of the overall revenue to the Group. The segment revenue decreased by 1.4% as compared with 2021 to RMB21,523 million (2021: RMB21,822 million). The decrease in FILA segment revenue was mainly attributable to the Pandemic impact on direct retail business during the financial year, reflected by both the significant drop in foot traffic and weakened consumer sentiment arising from the temporary suspension of the operation of the brick-and-mortar stores; while the decrease was partially offset by the growth of e-commerce business.

Revenue of all other brands increased by 26.1% as compared with 2021 to RMB4,405 million (2021: RMB3,494 million). The growth was driven by the businesses of DESCENTE and KOLON SPORT.

The e-commerce business contributed 34.3% (2021: 28.6%) of the overall revenue to the Group, and increased by 30.7% as compared with 2021 in terms of absolute amount. The growth was achieved by adopting the “Dynamic Management” approach under the Pandemic, and was also contributed by continuous enhancement in channel mix of the traditional e-commerce platforms (including T-mall, JD.com, Pinduoduo and VIP.com) and expansion of new social media e-commerce channels.

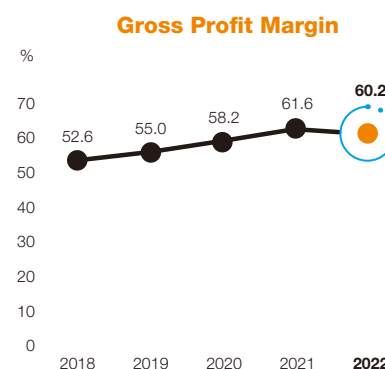
Management Discussion and Analysis

Gross Profit and Gross Profit Margin

Breakdown by Product Category

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

	Year ended 31 December					
	2022		2021		Changes	
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin	
Footwear	12,782	56.9	11,106	58.0	↓	1.1
Apparel	18,599	63.0	18,404	64.3	↓	1.3
Accessories	937	56.5	894	57.4	↓	0.9
Overall	32,318	60.2	30,404	61.6	↓	1.4



Breakdown by Segment

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

	Year ended 31 December					
	2022		2021		Changes	
	Gross profit (RMB million)	Gross profit margin (%)	Gross profit (RMB million)	Gross profit margin (%)	Gross profit margin	
ANTA	14,872	53.6	12,528	52.2	↑	1.4
FILA	14,283	66.4	15,394	70.5	↓	4.1
All other brands	3,163	71.8	2,482	71.0	↑	0.8
Overall	32,318	60.2	30,404	61.6	↓	1.4

During the financial year, the Group's overall gross profit margin decreased by 1.4% point as compared with 2021 to 60.2% (2021: 61.6%). The decrease in overall gross profit margin was mainly attributable to decrease in gross profit margin of FILA segment, while the decrease was partially offset by increase in gross profit margin of ANTA segment.

ANTA segment gross profit margin increased by 1.4% point as compared with 2021 to 53.6% (2021: 52.2%). The increase in gross profit margin was mainly attributable to the continuous DTC model transformation which has a higher gross profit margin.

FILA segment gross profit margin decreased by 4.1% point as compared with 2021 to 66.4% (2021: 70.5%). The decrease in gross profit margin was mainly attributable to (i) relatively higher retail discount offered under the Pandemic during the financial year; (ii) increase in product cost rates due to premium product innovation and upgrade and worldwide raw material price inflation since the second half of 2021; and (iii) impact of write-down of inventories.

Other Net Income

Other net income for the financial year amounted to RMB2,128 million (2021: RMB1,266 million), which mainly comprised of government grants of RMB1,903 million (2021: RMB1,166 million). The government grants were provided to the Group in recognition of its contribution towards the local economic development.

Operating Expenses Ratios

The ratio of advertising and promotional expenses to revenue decreased by 2.1% point for the financial year due to stringent

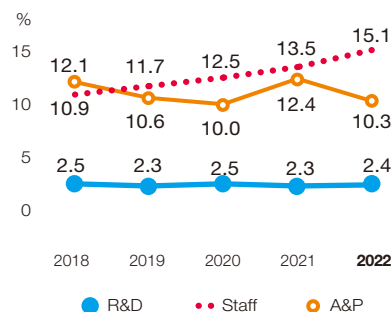
cost control measures under the Pandemic. The ratio of staff costs to revenue increased by 1.6% point, which was mainly due to increase in staff headcounts under the DTC model transformation for ANTA business and increase in overall basic salaries, leading to the increase in overall staff costs. The ratio of R&D costs to revenue increased by 0.1% point reflecting the Group's continuous investment in its R&D capability.

Write-down of Inventories

Inventories are stated at cost or net realizable value, whichever is lower. In the event that net realizable value falls below cost, the difference is taken as write-down of inventories and charged to profit or loss.

During the financial year, write-down of inventories amounting to RMB414 million was charged to profit or loss (2021: RMB75 million). The write-down of inventories reflected the adverse impact to the retail market brought by the Pandemic during the financial year. Given the continuous macro uncertainties, the Group will continue to adopt the flexible "Dynamic Management" approach in response to the market volatilities, in order to maintain a healthy inventory level under the evolving business environment.

Operating Expenses Ratios



Impairment Loss of Trade Receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses ("ECLs"). ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions.

During the financial year, reversal of impairment loss of trade receivables amounting to RMB4 million was credited to profit or loss (2021: RMB22 million credited to profit or loss).

The financial year-end balance of trade receivables decreased for 2 consecutive years, partly due to the DTC model transformation, which reduced the overall level of trade receivables.

Management Discussion and Analysis

Profit from Operations and Operating Profit Margin

The following table sets out the profit from operations and operating profit margin by segment for the financial year:

	Year ended 31 December				Changes Operating profit margin (% point)
	2022	Operating profit margin (%)	2021	Operating profit margin (%)	
	Profit from operations (RMB million)		Profit from operations (RMB million)		
ANTA	5,925	21.4	5,145	21.4	–
FILA	4,301	20.0	5,339	24.5	↓ 4.5
All other brands	907	20.6	644	18.4	↑ 2.2
	11,133	20.8	11,128	22.6	↓ 1.8
Headquarters and unallocated items	97	N/A	(139)	N/A	N/A
Overall	11,230	20.9	10,989	22.3	↓ 1.4

During the financial year, the Group's overall operating profit margin decreased by 1.4% point as compared with 2021 to 20.9% (2021: 22.3%).

As DTC model (ANTA) and direct retail businesses (FILA and all other brands) of the Group recorded a higher sales contribution as compared with last year, the Group also incurred more expenses relating to retail operation. The Group has implemented stringent cost control measures to reduce operating expenditures in all possible areas, albeit not sufficient to fully offset the Pandemic's impact on sales under DTC model and direct retail businesses in the financial year.

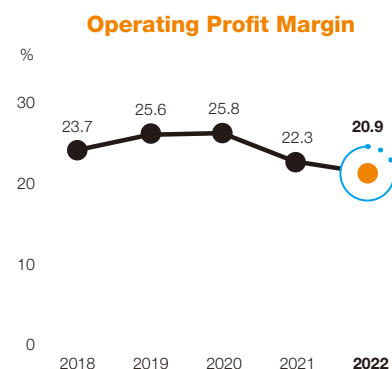
ANTA segment operating profit margin remained at 21.4% (2021: 21.4%). In spite of the increase in operating expenses to

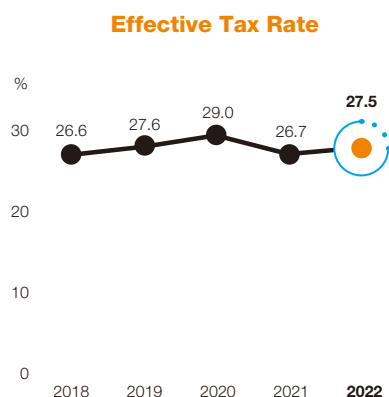
revenue ratio as a result of the continuous DTC model transformation in Mainland China with store level lease expenses and staff costs increased, the impact was offset by the 1.4% point increase in gross profit margin.

FILA segment operating profit margin decreased by 4.5% point as compared with 2021 to 20.0% (2021: 24.5%). The decrease in operating profit margin was mainly attributable to (i) 4.1% point decrease in gross profit margin; and (ii) a slight increase in operating expenses to revenue ratio.

The impact of the Pandemic on the business performance of the Group was ongoing and varies by region and effectiveness of the response taken to address such impact. The drops in foot traffic and consumer sentiment had accelerated in the fourth quarter of 2022, as reflected in the Group's retail sales performance.

Nevertheless, there has been a gradual easing of Pandemic preventive measures in Mainland China, alongside the promulgation of favourable policies to boost domestic consumption. The Group believes that the fundamentals of the sportswear industry remain solid, while the long-term momentum is stable and positive. The Group is prepared to proactively seize the growth opportunities alongside the market recoveries, and will continue to implement "Single-Focus, Multi-Brand, Globalization" strategy to maintain the high quality growth.





Finance Income/Costs

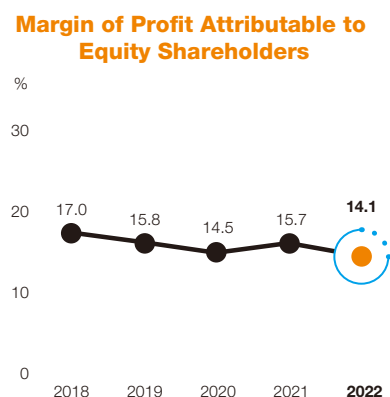
Total interest income for the financial year amounted to RMB609 million (2021: RMB392 million). The increase was mainly driven by the increase in average bank deposits balances as compared with 2021, reflecting the Group's effective treasury management.

Total interest expense (excluding interest expense on lease liabilities) amounted to RMB210 million (2021: RMB238 million) for the financial year. The decrease was mainly driven by the net repayment of bank loans.

Interest expense on lease liabilities under applicable financial reporting standards amounting to RMB303 million was incurred during the financial year (2021: RMB205 million). The increase was mainly driven by more leases entered into under the DTC model transformation.

Effective Tax Rate

Effective tax rate (excluding the effect of share of profit of a joint venture) was 27.5% for the financial year (2021: 26.7%). The increase in effective tax rate was mainly due to tax impact of unused tax losses not recognized for certain subsidiaries in the Mainland China.



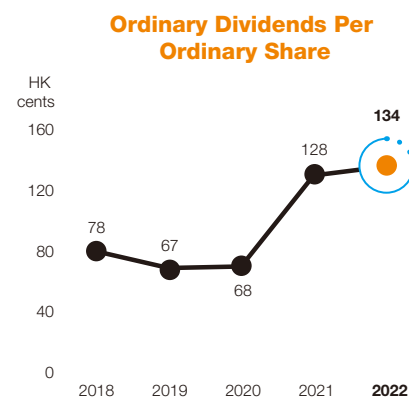
Margin of Profit Attributable to Equity Shareholders

Margin of profit attributable to equity shareholders decreased by 1.6% point to 14.1% for the financial year. It was mainly attributable to (i) 1.4% point decrease in operating profit margin; and (ii) increase in effective tax rate; while the decrease was partially offset by share of profit of a joint venture.

Dividends

The Board has recommended a final dividend of HK72 cents per ordinary share in respect of financial year 2022, together with payments of interim dividend of HK62 cents per ordinary share, representing a total ordinary dividend payout of RMB3,220 million (2021: RMB2,935 million), or a distribution of 42.4% (2021: 38.0%) of the current year's profit attributable to equity shareholders. The recommended final dividend is subject to the approval by shareholders of the Company at the forthcoming AGM.

On 30 December 2021, the Board declared a specific interim dividend of HK30 cents per ordinary share in respect of financial year 2021, which was paid on 25 January 2022.



Liquidity and Financial Resources

Despite the challenging business environment under the Pandemic, the Group's financial position remains robust and recorded a net operating cash inflow during the financial year.

As at 31 December 2022, the cash and cash equivalents of the Group amounted to RMB17,378 million which were mainly denominated in RMB, USD, HKD and EUR, representing a decrease of RMB214 million as compared with the cash and cash equivalents of RMB17,592 million as at 31 December 2021 (while the fixed deposits held at bank with maturity over three months increased by RMB3,320 million and the net cash position increased by RMB3,590 million). This was mainly attributable to:

- Net cash inflow from operating activities amounted to RMB12,147 million, which was more than the profit from operations and represented the strong cash generating capability of the Group.

Management Discussion and Analysis

	2022 (RMB million)	2021 (RMB million)
Year ended 31 December		
Operating cash inflow	12,147	11,861
Capital expenditures	(1,736)	(1,493)
Others	4	1
Free cash inflow	10,415	10,369
As at 31 December		
Cash and cash equivalents	17,378	17,592
Fixed deposits held at bank with maturity over three months	10,305	6,985
Pledged deposits	5	4
Less: borrowings		
– Bank loans	(2,959)	(4,218)
– Bills payable (financing in nature)	(1,000)	(1,000)
– Convertible bonds (liability component)	(7,212)	(6,942)
– Medium term notes	(1,519)	(1,013)
Net cash position	14,998	11,408

- Net cash outflow from investing activities amounted to RMB4,774 million, mainly including capital expenditures of RMB1,736 million, net placements of fixed deposits held at banks with maturity over three months of RMB2,837 million, and net payments of other investments of RMB206 million.
- Net cash outflow from financing activities amounted to RMB7,841 million, mainly including payments of the special interim dividend and the final dividend in respect of financial year 2021 and the interim dividend in respect of the financial year amounting to RMB3,752 million, net repayments of bank loans amounting to RMB1,403 million, payments of interest expenses on bank loans amounting to RMB33 million, net proceeds from issuance

of medium term notes amounting to RMB500 million and payment of lease liabilities amounting to RMB3,138 million.

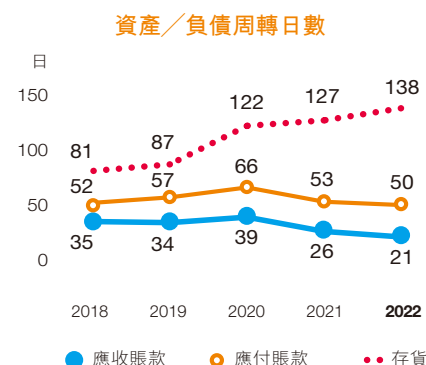
As at 31 December 2022, total assets of the Group amounted to RMB69,195 million, of which current assets were RMB42,596 million. Total liabilities and non-controlling interests were RMB34,795 million and total equity attributable to equity shareholders of the Company amounted to RMB34,400 million.

The Group's gearing ratio was 18.3% as at 31 December 2022 (as at 31 December 2021: 21.0%), being a ratio of total borrowings to total assets. Bank loans were denominated in EUR or USD and measured at amortized cost. All bank loans were at fixed rate and repayable within 1 year. Bills payable (financing in nature) were bills of

exchange denominated in RMB, measured at amortized cost and repayable within 1 year. Convertible bonds (liability component) were denominated in EUR, measured at amortized cost and repayable between 2 and 3 years (subject to early redemption provision under the terms and conditions). Medium term notes were denominated in RMB and measured at amortized cost; principal amount of RMB1,000 million were repayable within 1 year, and principal amount of RMB500 million were repayable between 2 and 3 years.

Assets/Liabilities Turnover Ratios

The average inventory turnover days increased by 11 days due to increase in overall inventory level as a result of the Pandemic and DTC model transformation. The average trade receivables turnover days decreased by 5 days with the decreased balance of trade receivables as at the end of the financial year as compared with that as at 31 December 2021, reflecting the Group's effective trade receivable management and DTC model transformation. The average trade payables turnover days decreased by 3 days. The turnover ratios mentioned above were within management's expectation and under control, in light of the impact of the Pandemic.



Pledge of Assets

As at 31 December 2022, the Group had bank deposits of RMB5 million (as at 31 December 2021: RMB4 million) pledged as security for certain contracts.

Financial Management Policies

The Group continues to manage financial risks in a prudent manner and proactively adopts internationally recognized corporate management standards to safeguard the interests of Shareholders.

As the functional currencies of most of the non-Mainland China entities (other than the joint venture) are HKD and those financial statements in HKD are translated into RMB for reporting and consolidation purposes, foreign exchange differences arising from the translation of such financial statements are directly recognized in equity as a separate reserve. In addition, as the investment in a joint venture (and the related bank loans) and the convertible bonds (liability component) are denominated in EUR, fluctuations in the exchange rates of the EUR against RMB may have a significant impact to the Group's net assets and total comprehensive income.

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

Investment in a Joint Venture of AS Holding

At 31 December 2022, the Group has an investment in a joint venture of AS Holding.

Amer Sports is a subsidiary owned by AS Holding and is a sporting goods company with internationally recognized brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets. A strategic growth plan

was set by the investor consortium for Amer Sports to unlock the full potential of its internationally recognized sportswear and equipment brands, and the Group has strong belief in the future success of Amer Sports.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders. The summarized consolidated financial information of AS Holding disclosed in this section are based on the latest available information to the Company and following the accounting policy adopted by the Group.

	2022 (RMB million)	2021 (RMB million)
Year ended 31 December		
Revenue	24,026	19,720
EBITDA	2,575	2,367
Depreciation and amortization	(1,311)	(1,375)
Interest income	21	11
Interest expense	(877)	(964)
Income tax expense	(358)	(193)
Net profit/(loss)	50	(154)
Other comprehensive income	24	714
Total comprehensive income	74	560

	2022 (RMB million)	2021 (RMB million)
As at 31 December		
Non-current assets	39,470	38,526
Current assets	15,044	11,932
Current liabilities	(9,023)	(6,195)
Non-current liabilities	(27,753)	(27,132)
Non-controlling interests	(9)	—
Equity attributable to equity shareholders	17,729	17,131

Management Discussion and Analysis

During the financial year, AS Holding recorded an EBITDA (on a consolidated basis) of RMB2,575 million and a net profit (on a consolidated basis) of RMB50 million, reflecting the healthy profit generating capability at operation level of the joint venture under the strategic growth plan set by the investor consortium.

During the financial year, due to the significant rise in the discount rate used in impairment testing, goodwill impairment of approximately RMB269 million was recognized for Peak Performance brand business.

At 31 December 2022, the Group effectively held 526,962 shares or 52.70% interest in AS Holding. The carrying amount of the investment in the joint venture was RMB9,343 million, representing 13.5% of the total assets of the Group.

Saved as disclosed above, during the financial year, the Group made no significant investment or material acquisition or disposal of subsidiary.

Significant Financing

Zero Coupon EUR1 Billion Convertible Bonds Due 2025 Issue

On 5 February 2020, the Group issued zero coupon convertible bonds due 2025 in the aggregate principal amount of EUR1 billion, which were listed on the Singapore Stock Exchange. The issue price was 100.25% of the principal amount of the convertible bonds. The convertible bonds may be converted into ordinary shares of the Company pursuant to its terms and conditions.

As at 31 December 2022, an aggregate principal amount of EUR1 billion of the convertible bonds was outstanding and, based on the applicable conversion price per conversion share of HKD101.90 on that date, would be convertible into 84,853,778 conversion shares.

During the financial year, EUR217 million (equivalent to RMB1,539 million) of the net proceeds from the convertible bonds issue were used. As at 31 December 2022, there were no unutilized net proceeds.

Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the "Optional Put Date"), the holder of each convertible bond had the right, at such holder's option, (the "Put Option") to require the Group to redeem all or some only of such holder's convertible bonds on the Optional Put Date at their principal amount. The holders of the relevant convertible bonds should notify the payment agent of their election to exercise the Put Option during normal business hours no later than 6 January 2023 in accordance with the terms and conditions of the convertible bonds.

As of the close of business on 6 January 2023, the payment agent did not receive any notice in relation to the Put Option. Accordingly, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds on the Optional Put Date.

For further details for the convertible bonds issue, please refer to the announcements of the Company dated 14 January 2020 and 5 February 2020.

Intended use of proceeds	Initial intended allocation (EUR million)	Unutilized	Utilized amount	Unutilized
		amount as at	for the year	amount as at
		31 December 2021 (EUR million)	31 December 2022 (EUR million)	31 December 2022 (EUR million)
Zero Coupon EUR1 Billion Convertible Bonds Due 2025				
Refinancing of existing debts	600	133	(133)	—
Working capital and other general corporate purposes	402	84	(84)	—
	1,002	217	(217)	

Issue of New Shares under General Mandate pursuant to 2018 Share Award Scheme

On 4 April 2022, the Company granted an aggregate of 10,294,500 awarded shares to 3,707 selected employees pursuant to the existing 2018 Share Award Scheme. For the purpose of granting the aforesaid awarded shares pursuant to the 2018 Share Award Scheme, on 4 April 2022, the Board also resolved to allot and issue 10,294,500 new Shares to the professional trustee under the 2018 Share Award Scheme pursuant to the general mandate granted by the Shareholders at the AGM held on 7 May 2021.

The issue of new Shares under the general mandate pursuant to the 2018 Share Award Scheme was completed during the financial year. No new funds were raised as a result of the aforesaid allotment and issue of the new Shares.

Green Medium Term Notes Issue

In July 2022, the Group completed the issue of a tranche of green medium term notes, with an aggregate principal amount of RMB500 million and a coupon rate 2.80% per annum. The green medium term notes will mature in three years from the issue date. The gross and net proceeds from the issue of green medium term notes were RMB500 million and approximately RMB500 million respectively.

The proceeds raised from the green medium term notes issue would be applied towards the construction of the ANTA Shanghai headquarters. ANTA Shanghai headquarters developments project is located at Qingpu District, Shanghai, which is the prime location of the West Hongqiao Business District. The total construction area of this multi-functional complex is about 140 thousand square meters. After the completion, it will not only serve as the global retail headquarters for the Group to achieve the strategy of “Single-focus, Multi-brand, Globalization”, but it will also echo our goal of achieving carbon neutrality by 2050. The project is planned to be completed in 2023 and start operation in 2024. The project and construction drawing are designed in accordance with the requirements of China’s “Green Building Evaluation Standard” (GB/T 50378). The project promises to combine green space, energy-saving design and materials for development.

Saved as disclosed above, during the financial year, the Group made no significant financing.

Capital Commitments, Contingencies and Guarantee

Capital Commitments

As at 31 December 2022, the Group had capital commitments of RMB2,262 million, primarily relating to construction of ANTA Shanghai headquarters and Group logistic center, and renovation of retail stores.

Contingencies

The Group is not involved in any material legal proceedings, nor are there any pending or potential material legal proceedings involving the Group.

Guarantee

A five-year EUR1,300 million (equivalent to RMB9,615 million) term loan facility (“Facility A”) is provided by independent third party bank lenders to AS Holding for the purpose of, amongst others, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2022, Facility A has been fully drawn by AS Holding.

Saved as disclosed above, as at 31 December 2022, the Group did not provide any form of guarantee for any company outside the Group.

Management Discussion and Analysis

PROSPECTS

Implementing Long-term Strategies with “Dynamic Management” and Seizing Opportunities Emerging in Recovery with “Long-termism”

Looking ahead to 2023, retail sentiment is poised to strengthen as the Pandemic remains under control, along with easing social distance measures and improving people's livelihoods. Consumption across China is anticipated to pick up notably and demonstrate a resilient and promising social vitality, ultimately accelerating the recovery of China's overall economy.

Over the past few years, we have been proactively equipping ourselves. As the leader in China's sportswear industry, we have taken numerous measures to develop targeted strategies in response to market conditions for each of our brands to build on their respective core competencies. With a solid foundation in place, we are well-prepared to take the next step forward and embark on the next chapter of growth.

As the global economy has remained largely a matter of unpredictability, we continue to be vigilant and responsive to unexpected external situations while leveraging “Dynamic Management” to keep our business afloat. “Long-termism” serves as the backbone of our strategy to guide us to forge ahead with pragmatic measures, and therefore we steadfastly implement this approach in every facet of our daily operations.

The Group adheres to the distinct strategy of “Single-Focus, Multi-Brand, Globalization”. Our brand portfolio with highly differentiated positioning spans across athleisure and professional sports, as well as premium and mass-market segments, effectively providing full coverage to various consumer segments and channels. In order to meet the demands of increasingly segmented markets, we hold fast to our respective brand positionings and improve brand salience, in order to firmly entrench that into the minds of consumers.

Performance Sports Group – Optimizing Existing Product Portfolio, Expanding New Product Offerings and Creating Flagship Products

For the Performance Sports Group, ANTA and ANTA KIDS will aim to solidify their position as the leader in the Chinese sports products industry and establish a stronger brand salience in consumers' minds by adhering to the core strategies of being “Rooted in and Known for Performance Sport and Fostering Brand Transformation and Growth”. In addition, we will strive to enhance our product portfolio by creating flagship products through optimizing existing product portfolio and expanding new product offerings. On the one hand, we will optimize our differentiated, highly cost-efficient product portfolio, in order to preserve ANTA's popularity among mass consumers. On the other hand, we will strengthen our high-end professional sports product offerings and expand our

presence in the high-end market for more growth opportunities. We will also continue to strengthen our footwear product portfolio, including running shoes and basketball shoes, and strive to make breakthroughs in these categories.

At the same time, we will launch more new product lines to cover a wider range of sports scenarios with related products and reach out to target consumer groups preciously, which in turn establishing ANTA's leadership in the mass sports market. We will also continue to optimize sales channels, including improving the profitability of DTC channels, entering the core business districts in key cities, and driving the growth of our e-commerce business across different platforms, all aim at achieving high-quality business growth.

Fashion Sports Group – Launching the “Beacon Project” for Brand's Enhancement

For the Fashion Sports Group, we uphold the principle of “High-quality, High Efficiency and Healthy Growth” in promoting the development of the brands. FILA has launched the “Beacon Project”, which focuses on “elite sports” such as tennis, golf and running, as well as leveraging “fashion driving forces” to drive brand enhancement in four areas – artistic athleticism, top-notch channels, the ambassador matrix, and footwear products. FILA KIDS will align more closely with its high-end children's clothing positioning in terms of products, marketing, and technological innovation, while FILA

FUSION will deepen its streetwear style and strengthen the brand story of young and fashionable lifestyles.

While our high-end brands have been successfully established in various key markets, we will continue to optimize our existing product series with competitive advantages. We will further venture into product categories with great potentials, such as footwear and performance sports, to maximize our core competitiveness. We will also beef up the differentiation between our product series to enhance products and store efficiency.

In addition, we will optimize the channel deployment, ensuring that the product offering is aligned with the positioning of respective sales channel, and precisely targeting different market segments to thoroughly enhance the shopping experience. We will collaborate across both online and offline channels to continuously improve omni-channel efficiency. Meanwhile, we will keep on strengthening inventory and discount control to enhance brand resilience and achieve high-quality growth for our brands.

Outdoor Sports Brand – Elevating Product and Building Brand Salience

For the outdoor sports brands, our focus is to capitalizing on new opportunities that may arise out of the extended scenarios and from the tremendous potential present in the outdoor sports market. For DESCENTE, our

efforts will continue to be geared towards strengthening its capabilities in terms of branding, top-notch products and retail excellence, with the vision of becoming a premium outdoor sports brand and improving brand salience. By leveraging our innovative and high-quality products, precision marketing, fostering of consumer communities and continuous improvement in the ski awareness ranking, we aim to increase the share of high-spending consumers and improve brand reputation. Additionally, we will enhance the consumer experience across both offline and online channels by creating flagship stores that align with the brand's positioning.

Over the past few years, KOLON SPORT has made remarkable strides in product capability and quality, which in turn successfully elevated its brand positioning as a premium and high-quality outdoor lifestyle brand while establishing its core scenario. With this year marking the 50th anniversary of the KOLON SPORT, we will continue to enhance the brand's core product portfolio, incubate product categories with potentials and focus on camping, outdoor sports, high altitude trekking and other types of sports. Meanwhile, we will continue to foster outdoor sports culture and penetrate into premium sales channels with matching products, all in all to further enhance brand image.

Sustaining Our Reach in 2023

By the end of 2023, we expect the total number of ANTA stores and ANTA KIDS

stores in Mainland China and overseas to be 7,100 to 7,200 and 2,800 to 2,900, respectively. FILA (including FILA KIDS and FILA FUSION standalone stores) will have a total of 1,900 to 2,000 stores in Mainland China, Hong Kong SAR, Macao SAR and Singapore. DESCENTE is expected to have 185 to 195 stores in Mainland China, Hong Kong SAR and Macao SAR, while KOLON SPORT is expected to have a total of 175 to 185 stores in Mainland China and Hong Kong SAR.

Advancing “Globalization” Strategy Steadfastly

To bolster our competitive advantage in the global industry, our focus for 2023 remains on advancing our “Globalization” strategy. ANTA Sports will keep on expanding its presence in the China market while reinforcing its leading market position. In recognition of the potential of Southeast Asian market, we have established a Southeast Asia International Business Unit to strengthen our penetration in these regions.

Amer Sports will continue to fortify its business in three key markets – China, North America and Europe – with the aim of achieving global leadership in its respective segments and realize the “Five billion euro targets”, including the establishment of three “Billion euro brands” – Arc'teryx, Salomon and Wilson – as well as driving its DTC and China business to the billion Euros level.

Management Discussion and Analysis

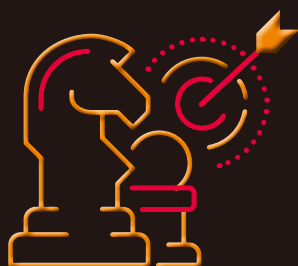
We will capitalize on the impressive breakthroughs achieved through Amer Sports' organizational restructuring and rebranding of core brands, to align the operations of Amer Sports' brands with the evolving consumption upgrades and to lead the high-end outdoor sports. We will extend our reach to the middle-class urban sports while enhancing brand innovation and retail capabilities. At the same time, we will further optimize and standardize our operational processes to maximize efficiency.

Optimizing Management Structure and Upholding Cultures Cores

As a prominent corporate with significant brand influence, sustainable development is of utmost importance in our future development plan. We are at the forefront of the sportswear industry in China with an increasingly maturing sustainability governance structure, as well as enhanced sustainability engagement and management at every level of our operations including board-level. We have also placed a greater emphasis on sustainable suppliers by publishing the "Supplier Sustainability Management Handbook", which further clarifies the management standards in the areas of labor rights, health and safety, environmental responsibility, and sustainability management systems.

This optimized management structure provides better support for the implementation of our "Single-focus, Multi-brand, Globalization" strategy. Meanwhile, our sustainable development strategy and "1+3+5" strategic goals will serve as guides for our sustainable development practices. We remain committed to advancing in the areas of consumers, employees, partners, society and the environment. We will promote sustainable consumption in product development and marketing, build a sustainable supply chain, promote responsible operation and participate in environmental and charity activities, in an effort to achieve the Group's medium and long-term goals and create more value for our stakeholders in a sustainable manner.

With a vision to become "a leading multi-brand sportswear group in the world", we are dedicated to promoting the healthy development of each brand and to becoming the industry benchmark in terms of brand value, technological innovation, social responsibility and employee engagement. As the market continues to recover amidst uncertainty, we remain committed to three cores of our culture – "Consumer-oriented", "Benchmarking with High Standard", "Leaders as Role Model". These three core values will enable us to execute efficiently, to tide over business challenges and adversities, and to create greater value for both our consumers and Shareholders.



Adhering to the
“Single-Focus, Multi-Brand, Globalization” strategy
 to reinforce its leading position in
 different market segments

1

**ONE
Major Goal**



Perpetuating healthy development of multiple brands

3

**THREE
Must-win
Battles**



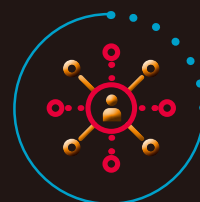
Upgrades and breakthroughs of ANTA

- Optimizing existing product portfolio and expanding new product offerings
- Breakthroughs in channels
- Upgrading brand image



High-quality growth of FILA

- Staying on top of trends
- Building brand salience
- Retail Excellence



Enhancement of organizational structure and human resources

- Sturdy internal pipeline for talent development and supply

6

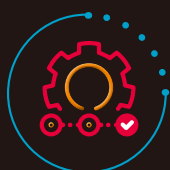
**SIX
Management
Focuses**



Increase store efficiency



Healthy inventory level



Supply chain upgrade



Logistics efficiency



Digitalization



ESG implementation



Target number of stores by the end of 2023

ANTA:	ANTA KIDS:	FILA, FILA KIDS and FILA FUSION:
7,100-7,200	2,800-2,900	1,900-2,000
DESCENTE:	KOLON SPORT:	
185-195	175-185	

Investors Information

Share Information

Listing Day:
10 July 2007

Board lot size:
200 shares

Numbers of shares outstanding:
2,713,623,500 shares
(As at 31 December 2022)

Stock Codes

Hong Kong Stock Exchange
2020

Reuters
2020.HK

Bloomberg
2020HK

MSCI
3741301

Dividends

HK cents	2018	2019	2020	2021	2022
Ordinary interim	50	31	21	60	62
Ordinary final	28	36	47	68	72
Special interim	–	–	–	30	–

Important Dates

Annual results announcement	21 March 2023
Annual general meeting	10 May 2023
Record date of 2022 final dividend	16 May 2023 4:30 p.m.
Payment date of 2022 final dividend	On or about 29 May 2023
Financial year end date of 2023	31 December 2023

Investor Relations Contacts

If you have any inquiries, please contact:

IR Department – ANTA Sports Products Limited

16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR
Telephone: (852) 2116 1660 Fax: (852) 2116 1590 E-mail: ir@anta.com.hk

IR website: ir.anta.com Brand website: www.anta.com

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2022.

Principal Place of Business

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

Principal Activities and Business Review

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16 to the financial statements.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 22 to 59 of this annual report. This discussion forms part of this Report of the Directors.

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

Major Customers and Suppliers

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

	2022		2021	
	Percentage of the Group's total		Percentage of the Group's total	
	Sales	Purchases	Sales	Purchases
The largest customer	4.8%		4.1%	
Five largest customers in aggregate	7.8%		7.7%	
The largest supplier		4.3%		3.5%
Five largest suppliers in aggregate		16.7%		14.5%

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

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 10 and 11 of this annual report.

Financial Statements

The financial performance of the Group for the year ended 31 December 2022 and the financial positions of the Company and the Group as at that date are set out in the financial statements on pages 139 to 212 of this annual report.

Report of the Directors

Transfer to Reserves

Profits attributable to equity shareholders, before dividends, of RMB7,590 million (2021: RMB7,720 million) have been transferred to the reserves. Other movements in reserves are set out in note 27 to the financial statements.

Recommended Dividend

An interim dividend of HK62 cents (2021: HK60 cents) per ordinary share in respect of the year ended 31 December 2022 was paid on 20 September 2022.

The Directors now recommend the payment of a final dividend of HK72 cents (2021: HK68 cents) per ordinary share in respect of the year ended 31 December 2022.

A special interim dividend of HK30 cents per ordinary share in respect of the year ended 31 December 2021 was declared on 30 December 2021 and was paid on 25 January 2022. In respect of the year ended 31 December 2022, no special interim dividend was declared and no special final dividend was recommended by the Directors.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

Charitable Donations

Charitable donations made by the Group during the financial year amounted to RMB23 million (2021: RMB65 million).

Properties

Details of acquisitions and other movements in properties (including property, plant and equipment and construction in progress) during the financial year are set out in notes 10 and 12 to the financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2022 are set out in note 21 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the financial year are set out in note 26 to the financial statements.

Debenture Issued

In July 2022, the Group completed the issue of a tranche of green medium term notes, with an aggregate principal amount of RMB500 million at a coupon rate 2.80% per annum. The green medium term notes will mature in three years from the issue date. The green medium term notes are freely transferable but not convertible into shares of a corporation.

The gross and net proceeds from the issue of green medium term notes were RMB500 million and approximately RMB500 million respectively. The proceeds raised from the green medium term notes issue would be applied towards the construction of the ANTA Shanghai headquarters.

Equity-Linked Agreements

Save as disclosed in the annual report, no equity-linked agreements were entered by the Group into during the financial year or subsisted at the year end.

Purchases, Sales and Redemptions of Listed Securities

During the financial year, no ordinary shares (2021: Nil) in the Company were purchased from the Hong Kong Stock Exchange by the trustee of the 2018 Share Award Scheme.

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

Pre-emptive Rights

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

Directors

The Directors during the financial year were:

Executive Directors

Mr. Ding Shizhong (*Chairman*) (*RC*)
Mr. Ding Shijia (*Deputy Chairman*)
Mr. Lai Shixian (*Co-Chief Executive Officer*) (*NC, RMC, SC*)
Mr. Wu Yonghua (*Co-Chief Executive Officer*) (*SC*)
Mr. Zheng Jie (*SC*)
Mr. Bi Mingwei (*Chief Financial Officer*)

Non-Executive Director

Mr. Wang Wenmo (resignation effective from 1 July 2022)

Independent Non-Executive Directors

Mr. Dai Zhongchuan (resignation effective from 1 July 2022) (*AC, RC, RMC*)
Mr. Yiu Kin Wah Stephen *JP* (*AC, NC, RMC, SC*)
Mr. Lai Hin Wing Henry Stephen (*AC, RC, NC, SC*)
Ms. Wang Jiaqian (*AC, RC, RMC, SC*)
Ms. Xia Lian (appointment effective from 1 July 2022) (*AC, RC, RMC, SC*)

AC: Audit Committee

RC: Remuneration Committee

NC: Nomination Committee

RMC: Risk Management Committee

SC: Sustainability Committee

Details of the Directors' biographies have been set out on pages 132 to 133 of this annual report.

Mr. Wang Wenmo tendered his resignation as a Non-Executive Director with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Wang confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board expressed its sincere gratitude to Mr. Wang for his invaluable contributions to the Company during the tenure of his service as a Director.

Mr. Dai Zhongchuan tendered his resignation as an Independent Non-Executive Director with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Dai confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board expressed its sincere gratitude to Mr. Dai for his invaluable contributions to the Company during the tenure of his service as a Director.

Ms. Xia Lian was appointed as an Independent Non-Executive Director by the Board to fill a casual vacancy with effect from 1 July 2022. Ms. Xia was appointed by way of a letter of appointment with a term of three years. In accordance with article 83 of the Company's articles of association, her appointment shall be subject to retirement and shall be eligible for re-election at the first AGM after her appointment. As such, Ms. Xia Lian will retire from office at the forthcoming AGM and, being eligible, offer herself for re-election.

Mr. Bi Mingwei and Ms. Wang Jiaqian were appointed as an Executive Director and an Independent Non-Executive Director respectively by the Board as additions to the then existing Board during financial year 2021. In accordance with article 86 of the previous then Company's articles of association, they shall be subject to retirement and shall be eligible for re-election at the next following AGM after their appointments. As such, Mr. Bi Mingwei and Ms. Wang Jiaqian will retire from office at the forthcoming AGM and, being eligible, offer themselves for re-election.

Report of the Directors

In accordance with article 84 of the Company's articles of association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Mr. Ding Shijia, Mr. Yiu Kin Wah Stephen and Mr. Lai Hin Wing Henry Stephen will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Each of the Directors in the Board has entered into a service contract or a letter of appointment (as the case may be) with the Company for a term of three years until terminated by giving a three-month notice in writing thereof by either party to the other.

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

Confirmation of Independence

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

Permitted Indemnity Provision

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

Directors' Interests in Transactions, Arrangements or Contracts

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

Directors' Remuneration

The Company has adopted a directors (and senior management) remuneration policy to maintain fair and competitive packages of the Directors based on the business needs of the Group and industry practice. For determining the remuneration packages of each Director, market rates and factors such as individual workload, duties and required commitment are taken into account (including their individual performance or the performance of the respective department(s) and business unit(s) that they are in charge). In addition, factors comprising economic and market situations, individual contributions to the Group's results and development (including the aspect of sustainability) as well as individual's potential are considered when determining the remuneration packages of Directors. At the same time, remuneration levels shall be sufficient to attract and retain Directors to run the Group successfully without paying more than necessary.

Remuneration Committee assists the Board on formulating remuneration policy and determining the emoluments of the Directors. Responsibilities and work performed in the financial year by Remuneration Committee are stated on pages 92 to 93 in the Corporate Governance Report.

Particulars regarding Directors' remuneration as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 6 to the financial statements.

During the financial year, there is no arrangement under which a Director has waived or agreed to waive any emoluments.

Arrangements to Purchase Shares or Debentures

Save as disclosed in this annual report, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executives or any of their close associate (as defined under the Listing Rules) to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

Competing Business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the financial year which is required to be disclosed under Rule 8.10(2) of the Listing Rules.

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

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the financial year or subsisted at the year end.

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

As at 31 December 2022, 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 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	1,486,946,000(L) ⁽³⁾	–	54.80%
	Anta International	Founder of a discretionary trust	503,172,690(L) ⁽³⁾	–	34.06%
	Anta International	Interest in controlled corporation	18,267,273(L) ⁽³⁾	–	1.24%
Mr. Ding Shijia	Company	Founder of a discretionary trust	1,478,500,000(L) ⁽⁴⁾	–	54.48%
	Anta International	Founder of a discretionary trust	495,300,570(L) ⁽⁴⁾	–	33.52%
Mr. Lai Shixian	Company	Beneficial owner	491,955(L)	–	0.02%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	400,000(L)	0.01%
	Anta International	Beneficiary of a discretionary trust/ Interest of spouse	146,189,463(L) ⁽⁵⁾	–	9.89%
Mr. Wu Yonghua	Anta International	Interest in controlled corporation	39,961,734(L) ⁽⁵⁾	–	2.70%
	Anta International	Founder of a discretionary trust	78,136,038(L) ⁽⁶⁾	–	5.29%
Mr. Zheng Jie	Company	Beneficial owner	800,000(L)	–	0.03%
Mr. Bi Mingwei	Company	Beneficial owner	122,771(L)	–	0.00%
	Company	Beneficiary of a trust (other than a discretionary trust)	–	120,000(L)	0.00%
Mr. Yiu Kin Wah Stephen	Company	Beneficial owner	33,000(L)	–	0.00%
	Company	Other	20,000(L) ⁽⁷⁾	–	0.00%

(L) – Long Position

Report of the Directors

Notes:

- (1) As at 31 December 2022, the number of outstanding ordinary shares of the Company and of Anta International were 2,713,623,500 and 1,477,500,000, respectively.
- (2) The interests in underlying Shares represent the interests in awarded share granted pursuant to the 2018 Share Award Scheme, details of which are set out in the section entitled "Share Award Scheme" below.
- (3) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 9,446,000 Shares were directly held by Shine Well (Far East) Limited ("Shine Well"), representing 54.45% and 0.35% of the issued Shares as at 31 December 2022 respectively. Shine Well directly held 503,172,690 shares of Anta International, representing 34.06% of the issued shares of Anta International as at 31 December 2022, and was 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 was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Shine Well was held by Top Bright Assets Limited ("Top Bright"). The entire issued shares of Top Bright was in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the DSZ Family Trust. The DSZ Family Trust was 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 was deemed to be interested in the total 1,486,946,000 Shares held by Anta International and Shine Well and 503,172,690 shares of Anta International held by Shine Well. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2022, were directly held by Blossom Prospect Limited ("Blossom Prospect"). Mr. Ding Shizhong held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in 18,267,273 shares of Anta International held by Blossom Prospect.
- (4) A total of 1,477,500,000 Shares were directly held by Anta International and its wholly-owned subsidiaries, and 1,000,000 Shares were directly held by Talent Trend Investment Limited ("Talent Trend"), representing 54.45% and 0.04% of the issued Shares as at 31 December 2022 respectively. Talent Trend directly held 495,300,570 shares of Anta International, representing 33.52% of the issued shares of Anta International as at 31 December 2022, and was 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 was deemed to be interested in all the Shares held by Anta International. The entire issued shares of Talent Trend was held by Allwealth Assets Limited ("Allwealth"). The entire issued shares of Allwealth was in turn held by HSBC Trustee acting as the trustee of the DSJ Family Trust. The DSJ Family Trust was 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 Mr. Ding Shijia and his family members. Mr. Ding Shijia as founder and one of the beneficiaries of the DSJ Family Trust was deemed to be interested in the total 1,478,500,000 Shares held by Anta International and Talent Trend and 495,300,570 shares of Anta International held by Talent Trend.
- (5) Certain interests of Mr. Lai Shixian in Anta International were held through Gain Speed Holdings Limited ("Gain Speed"), which directly held 146,189,463 shares of Anta International, representing 9.89% of the issued shares of Anta International as at 31 December 2022. The entire issued shares of Gain Speed was held by Spring Star Assets Limited. The entire issued shares of Spring Star Assets Limited was in turn 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 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 were Mr. Lai Shixian, Ms. Ding Yali and their family members. Ms. Ding Yali as the founder of the DYL Family Trust was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. Mr. Lai Shixian as one of the beneficiaries of the DYL Family Trust and as the spouse of Ms. Ding Yali was deemed to be interested in the 146,189,463 shares of Anta International held by Gain Speed. 18,267,273 shares of Anta International, representing 1.24% of the issued shares of Anta International as at 31 December 2022, were directly held by Blossom Prospect. Mr. Lai Shixian held 50% of the issued shares of Blossom Prospect and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of Blossom Prospect, and therefore was deemed to be interested in 18,267,273 shares of Anta International held by Blossom Prospect. 21,694,461 shares of Anta International, representing 1.47% of the issued shares of Anta International as at 31 December 2022, were directly held by First Start Investment Limited ("First Start"). Mr. Lai Shixian held 90% of the issued shares of First Start and was entitled to exercise or control the exercise of one third or more of the voting power at the general meeting of First Start, and therefore was deemed to be interested in 21,694,461 shares of Anta International held by First Start.
- (6) The interests of Mr. Wu Yonghua in Anta International were held through Spread Wah International Limited ("Spread Wah"), which directly held 78,136,038 shares of Anta International, representing 5.29% of the issued shares of Anta International as at 31 December 2022. The entire issued shares of Spread Wah was held by Allbright Assets Limited. The entire issued shares of Allbright Assets Limited was in turn held by HSBC Trustee acting as the trustee of the WYH Family Trust. The WYH Family Trust was 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 were Mr. Wu Yonghua and his family members. Mr. Wu Yonghua as the founder and one of beneficiaries of the WYH Family Trust was deemed to be interested in the 78,136,038 shares of Anta International held by Spread Wah.
- (7) The interests of Mr. Yiu Kin Wah Stephen were held by his family member as at 31 December 2022. Mr. Yiu Kin Wah Stephen, having a general power of attorney of a family member's securities account, is deemed to be interested in the 20,000 Shares held by his family member.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had otherwise been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders

As at 31 December 2022, 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, or which were notified to the Company, were as follows:

Interests in Shares and/or 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 ⁽¹⁾	1,487,995,600(L)	54.83%
Top Bright	Interest in controlled corporation ⁽¹⁾	1,486,946,000(L)	54.80%
Shine Well	Interest in controlled corporation ⁽¹⁾	1,477,500,000(L)	54.45%
	Beneficial owner ⁽¹⁾	9,446,000(L)	0.35%
Allwealth	Interest in controlled corporation ⁽¹⁾	1,478,500,000(L)	54.48%
Talent Trend	Interest in controlled corporation ⁽¹⁾	1,477,500,000(L)	54.45%
	Beneficial owner ⁽¹⁾	1,000,000(L)	0.04%
Anta International	Beneficial owner ⁽²⁾	1,201,125,000(L)	44.26%
	Interest in controlled corporation ⁽²⁾	276,375,000(L)	10.18%
Anda Holdings	Beneficial owner	160,875,000(L)	5.93%

(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 44.26%, 5.93%, 4.26%, 0.35% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 49,600 Shares as trustee for persons unrelated to the substantial shareholders.

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ Family Trust, the WYH Family Trust and the DYL Family Trust, and it held the entire issued shares of Top Bright and Allwealth, which in turn held the entire issued shares 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 1,201,125,000 Shares directly held by Anta International. Anta International held the entire issued shares of each of Anda Holdings and Anda Investments and therefore was deemed to be interested in 160,875,000 Shares and 115,500,000 Shares directly held by Anda Holdings and Anda Investments, respectively. Accordingly, HSBC Trustee, Top Bright, Allwealth, Shine Well and Talent Trend were deemed to be interested in the total 1,477,500,000 Shares held by Anta International and its wholly-owned subsidiaries. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright 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 were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

- (2) 1,201,125,000 Shares were directly held by Anta International. 160,875,000 Shares and 115,500,000 Shares were directly held by Anda Holdings and Anda Investments, respectively. Each of Anda Holdings and Anda Investments was wholly-owned by Anta International and therefore was a controlled corporation of Anta International. Accordingly, Anta International was deemed to be interested in the 160,875,000 Shares held by Anda Holdings and the 115,500,000 Shares held by Anda Investments.

Save as disclosed above, as at 31 December 2022, 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.

Report of the Directors

Continuing Connected Transactions

Certain related party transactions as disclosed in note 31 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons and the Group have been entered into and are ongoing for which relevant disclosure had been made by the Company in the announcements of the Company issued on 15 December 2021.

1. Packaging Material Supply Agreement with Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (collectively “Family Directors”)

On 15 December 2021, the Company and the Family Directors entered into a packaging material supply agreement (the “2022 PMSA”) for a term of three years from 1 January 2022 to 31 December 2024 in relation to the supply of paper packaging materials (including but not limited to cardboard cases, paper bags and shoe boxes, “PPM”). Each Family Director shall, and shall procure his relevant associates to, supply PPM to the relevant member(s) of the Group from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors’ relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 PMSA) entered or to be entered into. Associates of the Family Directors are companies principally engaged in the manufacture and sales of packaging materials in the Mainland China.

Under the 2022 PMSA, the prices for PPM shall be agreed upon from time to time after arm’s length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than market prices of similar PPM offered by independent third-party suppliers to the Group. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent suppliers to the Group in relation to similar PPM, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 PMSA.

As at the date of the 2022 PMSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Therefore, the 2022 PMSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details please refer to the announcement of the Company dated 15 December 2021.

During the financial year, the Group’s purchase of PPM from the Family Directors (and their associates) amounted to RMB101 million.

2. Master Services Agreement with Family Directors

On 15 December 2021, the Company and Family Directors entered into a master service agreement (the “2022 MSA”) for a term of three years from 1 January 2022 to 31 December 2024 for the provision of Relevant Services (as defined below). “Relevant Services” are the leasing of transportation vehicles, land and properties (including leases of land, factory premises, warehouses, staff quarters, retail stores and offices), and provision of warehouse management services and logistic services by the Family Directors and/or their relevant associates to the Group subject to the terms and conditions of the 2022 MSA. Each Family Director shall, and shall procure his relevant associates to, provide the Relevant Services to the relevant member(s) of the Group at prevailing market price with reference to the nature and the scope of the Relevant Services provided or to be provided by such Family Director and/or his relevant associates (including but not limited to property location and area, ancillary facilities and equipment, and transportation network, and/or service nature) from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-

party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors' relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 MSA) entered or to be entered into.

Under the 2022 MSA, the rents and/or service fees for the Relevant Services shall be agreed upon from time to time after arm's length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than (i) the fair market rents or market prices of leases or services offered to the Group by independent third-party suppliers that are similar to the Relevant Services; and (ii) the rents and/or service fees charged by the Family Directors and/or their relevant associates against independent third parties for leases or services that are similar to the Relevant Services. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent third-party suppliers to the Group in relation to leases or services similar to the Relevant Service, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 MSA.

As at the date of the 2022 MSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Therefore, the 2022 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details please refer to the announcement of the Company dated 15 December 2021.

During the financial year, service fees for the provision of the Relevant Services to the Group by Family Directors (and their associates) amounted to RMB24 million.

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

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

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

Report of the Directors

Convertible Bonds

On 5 February 2020, the Group completed the issuance of EUR1,000 million zero coupon convertible bonds due on 5 February 2025 and the convertible bonds are listed on the Singapore Stock Exchange.

The conversion price per conversion share is subject to adjustments in accordance with the terms and conditions of the convertible bonds, and was adjusted to HKD101.90 as at 31 December 2022. For details of the adjustments of the conversion price during the financial year, please refer to the announcements of the Company dated 30 December 2021, 11 May 2022 and 23 August 2022.

As at 31 December 2022, the total number of the issued shares of the Company is 2,713,623,500. Based on the applicable conversion price of HKD101.90 on that date and assuming full conversion of the convertible bonds, the convertible bonds will be convertible into 84,853,778 conversion shares, representing approximately 3.13% of the issued Shares and approximately 3.03% of the issued Shares as enlarged by the issuance of such conversion shares (assuming that there is no other change to the issued Shares).

The conversion shares that may fall to be issued upon exercise of the conversion right attaching to the convertible bonds will be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM held on 9 April 2019. The conversion shares to be issued upon exercise of the conversion right attaching to the convertible bonds will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date on which the name of the exercising bondholder is registered as holder of the relevant conversion shares in the register of members of the Company.

As at 31 December 2022, the total outstanding principal amount of the convertible bonds was EUR1,000 million (equivalent to RMB7,396 million). There had not been any exercise of conversion right of the convertible bonds and no redemption right had been exercised by the bondholders or the Company during the financial year.

Assuming the convertible bonds were fully converted on 31 December 2022, the shareholdings of the Company immediately before and after the full conversion of the convertible bonds are set out below for illustration purposes:

Name of Shareholders	Shareholding immediately before the full conversion of the convertible bonds		Upon full conversion of the convertible bonds at the conversion price of HKD101.90 each	
	Number of Shares	Approximate % of issued shares of the Company	Number of Shares	Approximate % of issued shares of the Company
Anta International ⁽¹⁾	1,201,125,000	44.26%	1,201,125,000	42.92%
Anda Holdings ⁽¹⁾	160,875,000	5.93%	160,875,000	5.75%
Anda Investments ⁽¹⁾	115,500,000	4.26%	115,500,000	4.13%
Shine Well	9,446,000	0.35%	9,446,000	0.34%
Talent Trend	1,000,000	0.04%	1,000,000	0.04%
Hemin Holdings ⁽²⁾	84,500,000	3.11%	84,500,000	3.02%
Bondholders	—	—	84,853,778	3.03%
Other Shareholders	1,141,177,500	42.05%	1,141,177,500	40.77%
Total	2,713,623,500	100.00%	2,798,477,278	100.00%

Notes:

(1) Each of Anda Holdings and Anda Investments is wholly-owned by Anta International.

(2) Hemin Holdings is a company controlled by Mr. Ding Shizhong, Mr. Ding Shijia and their family members.

Based on the cash and cash equivalents and the fixed deposits held at banks with maturity over three months as at 31 December 2022, the Company has the ability to meet its redemption obligation under the convertible bonds.

Please refer to note 21(c) to the consolidated financial statements for further details of the convertible bonds.

Partial Redemption by Bondholders

Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the “Optional Put Date”), the holder of each convertible bond had the right at such holder’s option (the “Put Option”), to require the Group to redeem all or some only of such holder’s convertible bonds on the Optional Put Date at their principal amount. The holders of the relevant convertible bonds should notify the payment agent of their election to exercise the Put Option during normal business hours no later than 6 January 2023 in accordance with the terms and conditions of the convertible bonds.

As of the close of business on 6 January 2023, the payment agent did not receive any notice in relation to the Put Option. Accordingly, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds on the Optional Put Date.

Bondholders to Convert or Redeem

The analysis of the Company’s share price at which it would be equally financially advantageous for the bondholders to convert or redeem the convertible bonds based on their implied rate of return (and therefore the bondholders would be indifferent as to whether the convertible bonds are converted or redeemed) at certain dates in the future is as follows:

Date	30 June 2023	31 December 2023
Company’s share price	HKD101.53	HKD102.13

Retirement Schemes

The Group participates in several defined contribution retirement schemes which cover the Group’s eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong SAR. Particulars of these retirement schemes are set out in note 23 to the financial statements.

Share Option Scheme

Pursuant to a resolution passed by the Shareholders at the AGM dated 6 April 2017, the Company adopted the 2017 Share Option Scheme. The 2017 Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 6 April 2017.

The purpose of the 2017 Share Option Scheme is to motivate Eligible Persons (as defined in the 2017 Share Option Scheme) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined in the 2017 Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Report of the Directors

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the 2017 Share Option Scheme to:

- (a) any proposed executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a direct or indirect shareholder of any member of the Group;
- (d) a supplier of goods or services to any member of the Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (g) an associate of any of the foregoing persons.

Subject to the terms of the 2017 Share Option Scheme, the Board shall be entitled at any time within ten years after the adoption date to offer the grant of an option to any Eligible Persons as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the 2017 Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Hong Kong Stock Exchange or an integral multiple thereof).

The exercise price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price must be at least the highest of:

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

An offer of the grant of an option shall remain open for acceptance by the Eligible Persons for a period of 30 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the 2017 Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Persons and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.0 by way of consideration for the grant thereof is received by the Company on or before 30 days after the offer date. Such remittance shall in no circumstances be refundable.

The scheme mandate limit, being the maximum number of Shares which may be issued upon exercise of all options to be granted, under the 2017 Share Option Scheme and any other schemes of the Group is 10% of the issued shares of the Company as at the adoption date of the scheme (i.e. 267,753,910 shares). The Company may at any time as the Board may think fit seek approval from its Shareholders in general meeting to refresh the limit in accordance with the terms of Shares Option Scheme. Also, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options during any twelve-month period exceeding 1% of the total shares of the Company then in issue.

Unless otherwise determined by the Board and specified in the grant letter, the Group and/or grantee shall achieve the performance conditions set out in the grant letter before the options can be vested.

An option may be exercised in accordance with the terms of the 2017 Share Option Scheme at any time during a period as determined by the Board, which must not be more than ten years from the date of grant. The exercise of an option granted under the 2017 Share Option Scheme is subject to any vesting period and performance target as determined by the Board from time to time. As at 31 December 2022, the remaining life of the 2017 Share Option Scheme is around 4 years.

The number of options available for grant under the scheme mandate of the 2017 Share Option Scheme at the beginning and the end of the financial year was 267,753,910 and 267,753,910, respectively. No options were granted under the 2017 Share Option Scheme since the adoption of the scheme. No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the financial year. As at 31 December 2022, there were no outstanding options under the 2017 Share Option Scheme.

The total number of new Shares available for issue under the 2017 Share Option Scheme is 267,753,910, representing approximately 9.87% of the issued Shares, as at the date of this annual report.

Share Award Scheme

The Company adopted the 2018 Share Award Scheme on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of ten years commencing on the adoption date. The specific objectives of the 2018 Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the 2018 Share Award Scheme, the professional trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

The Board shall not make any further award of Shares to selected employees which will result in the total number of existing Shares and new Shares awarded by the Board under the 2018 Share Award Scheme exceeding 10% of the number of the issued shares of the Company from time to time.

Unless otherwise determined by the Board and specified in the grant notice, the Group and/or grantee shall achieve the performance conditions set out in the grant notice before the awarded shares can be vested.

Pursuant to the 2018 Share Award Scheme, awarded shares held by the trustee upon the trust and which are in relation to a selected employee shall not vest in the selected employee if, amongst others, the selected employee has been terminated by the Group because of, amongst others, (i) dishonesty or serious misconduct; (ii) incompetence or negligence in the performance of his duties; (iii) becoming bankrupt; and (iv) being convicted for any criminal offence involving his integrity or honesty.

On 4 April 2022, the Company granted an aggregate of 10,294,500 awarded shares to 3,707 selected employees pursuant to the 2018 Share Award Scheme. For the purpose of granting the aforesaid awarded shares pursuant to the 2018 Share Award Scheme, on 4 April 2022, the Board also resolved to allot and issue 10,294,500 new Shares to the professional trustee under the 2018 Share Award Scheme pursuant to the general mandate granted by the Shareholders at the AGM held on 7 May 2021. Such 10,294,500 new Shares were issued at HKD0.10 per Share, being the par value per Share, to the professional trustee under the 2018 Share Award Scheme on 11 April 2022. The aggregate nominal value of the new Shares was HKD1,029,450.

During the financial year, no ordinary shares (2021: Nil) in the Company were purchased from the open market by the trustee of the 2018 Share Award Scheme.

As at 31 December 2022, the trustee of the 2018 Share Award Scheme held a total of 20,752,601 (2021: 12,337,917) Shares. As at 31 December 2022, the remaining life of the 2018 Share Award Scheme is around 5.5 years, subject to any early termination as may be determined by the Board pursuant to the rules relating to the 2018 Share Award Scheme (as amended from time to time).

The awarded shares granted under the 2018 Share Award Scheme are subject to any vesting period and performance target as determined by the Board from time to time. Subject to the scheme rules and the fulfilment of the vesting conditions as set out in the grant notice to each grantee, the awarded shares held by the trustee shall be vested in the respective grantee, and the trustee shall cause the awarded shares to be transferred to such grantee on the vesting date (or as soon as practicable after the vesting date), or the trustee shall effect the sale of such awarded shares at the prevailing market price on the Hong Kong Stock Exchange on behalf of the grantee and transfer the sale proceeds from the vested awarded shares (after deduction of applicable tax and other expenses) to the grantee on the vesting date (or as soon as practicable after the vesting date), in accordance with the terms of the scheme rules and the trust deed.

Report of the Directors

The total number of share awards available for grant under the scheme mandate of 2018 Share Award Scheme at the beginning and the end of the financial year is 259,134,982 and 251,288,552, respectively.

The details of unvested share awards under the 2018 Share Award Scheme during the financial year were as follows:

				Number of unvested share awards						
Name or category of participant	Date of grant	Vesting period	Purchase price	As at 1 January 2022	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Adjusted during the year ⁽⁴⁾	As at 31 December 2022
Director										
Mr. Lai Shixian	5 November 2019	5 November 2019 to 1 May 2022	Nil	200,000	–	(200,000) ⁽³⁾	–	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	Nil	200,000	–	–	–	–	(80,000)	120,000
	5 November 2019	5 November 2019 to 1 May 2024	Nil	200,000	–	–	–	–	80,000	280,000
Mr. Bi Mingwei	5 November 2019	5 November 2019 to 1 May 2022	Nil	60,000	–	(60,000) ⁽³⁾	–	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	Nil	60,000	–	–	–	–	(24,000)	36,000
	5 November 2019	5 November 2019 to 1 May 2024	Nil	60,000	–	–	–	–	24,000	84,000
The five highest paid individuals other than Directors during the financial year in aggregate	5 November 2019	5 November 2019 to 1 May 2022	Nil	60,000	–	(60,000) ⁽³⁾	–	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	Nil	60,000	–	–	–	–	(24,000)	36,000
	5 November 2019	5 November 2019 to 1 May 2024	Nil	60,000	–	–	–	–	24,000	84,000
	2 November 2020	2 November 2020 to 1 May 2022	Nil	60,000	–	(60,000) ⁽³⁾	–	–	–	–
	2 November 2020	2 November 2020 to 1 May 2023	Nil	60,000	–	–	–	–	(24,000)	36,000
	2 November 2020	2 November 2020 to 1 May 2024	Nil	60,000	–	–	–	–	24,000	84,000
	2 November 2020	2 November 2020 to 1 May 2025	Nil	60,000	–	–	–	–	–	60,000
	1 November 2021	1 November 2021 to 1 May 2022	Nil	29,000	–	(29,000) ⁽³⁾	–	–	–	–
	1 November 2021	1 November 2021 to 1 May 2023	Nil	29,000	–	–	–	–	(11,600)	17,400
	1 November 2021	1 November 2021 to 1 May 2024	Nil	29,000	–	–	–	–	11,600	40,600
	1 November 2021	1 November 2021 to 1 May 2025	Nil	29,000	–	–	–	–	–	29,000
	1 November 2021	1 November 2021 to 1 May 2026	Nil	29,000	–	–	–	–	–	29,000

Name or category of participant	Date of grant	Vesting period	Purchase price	Number of unvested share awards						
				As at 1 January 2022	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Adjusted during the year ⁽⁴⁾	As at 31 December 2022
Employees other than above (including ex-employees in aggregate)	5 November 2019	5 November 2019 to 1 May 2022	Nil	1,546,000	–	(1,275,100) ⁽³⁾	(270,900)	–	–	–
	5 November 2019	5 November 2019 to 1 May 2023	Nil	1,546,000	–	–	(106,000)	–	(576,000)	864,000
	5 November 2019	5 November 2019 to 1 May 2024	Nil	1,546,000	–	–	(106,000)	–	576,000	2,016,000
	2 November 2020	2 November 2020 to 1 May 2022	Nil	118,000	–	(86,000) ⁽³⁾	(32,000)	–	–	–
	2 November 2020	2 November 2020 to 1 May 2023	Nil	118,000	–	–	(30,000)	–	(35,200)	52,800
	2 November 2020	2 November 2020 to 1 May 2024	Nil	118,000	–	–	(30,000)	–	35,200	123,200
	2 November 2020	2 November 2020 to 1 May 2025	Nil	118,000	–	–	(30,000)	–	–	88,000
	1 November 2021	1 November 2021 to 1 May 2022	Nil	140,766	–	(109,716) ⁽³⁾	(31,050)	–	–	–
	1 November 2021	1 November 2021 to 1 May 2023	Nil	140,766	–	–	(18,250)	–	(49,006)	73,510
	1 November 2021	1 November 2021 to 1 May 2024	Nil	140,766	–	–	(18,250)	–	49,006	171,522
	1 November 2021	1 November 2021 to 1 May 2025	Nil	140,766	–	–	(18,250)	–	–	122,516
	1 November 2021	1 November 2021 to 1 May 2026	Nil	140,771	–	–	(18,250)	–	–	122,521
	4 April 2022	4 April 2022 to 1 May 2025	Nil	–	6,176,700 ⁽¹⁾	–	(536,550)	–	–	5,640,150
	4 April 2022	4 April 2022 to 1 May 2027	Nil	–	4,117,800 ⁽¹⁾	–	(357,700)	–	–	3,760,100
	1 November 2022	1 November 2022 to 1 May 2023	Nil	–	45,249 ⁽²⁾	–	(8,333)	–	(14,766)	22,150
	1 November 2022	1 November 2022 to 1 May 2024	Nil	–	45,249 ⁽²⁾	–	(8,333)	–	14,766	51,682
	1 November 2022	1 November 2022 to 1 May 2025	Nil	–	45,249 ⁽²⁾	–	(8,333)	–	–	36,916
	1 November 2022	1 November 2022 to 1 May 2026	Nil	–	45,249 ⁽²⁾	–	(8,333)	–	–	36,916
	1 November 2022	1 November 2022 to 1 May 2027	Nil	–	45,249 ⁽²⁾	–	(8,333)	–	–	36,916
Total				7,158,835	10,520,745	(1,879,816)	(1,644,865)	–	–	14,154,899

Report of the Directors

Notes:

- (1) *The awarded shares are subject to certain performance targets with reference to the annual results of the Company and the selected employees' individual key performance indicators for the financial year preceding the respective vesting dates. The closing price of the Shares immediately before the date on which the awarded shares were granted during the financial year was HKD97.30.*
- (2) *The awarded shares are subject to certain performance targets with reference to the annual results of the Company and the selected employees' individual key performance indicators for the financial year preceding the respective vesting dates. The closing price of the Shares immediately before the date on which the awarded shares were granted during the financial year was HKD69.00.*
- (3) *The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested during the financial year was HKD91.85.*
- (4) *In December 2022, the Company entered into supplemental agreements with certain grantees to modify the vesting schedule and certain non-market performance conditions under the original grant notices.*

The fair values per awarded share granted on 4 April 2022 and 1 November 2022 were HKD98.50 and HKD73.40 respectively, which were measured based on the market price of the Company's shares at the respective grant dates. No expected dividends were incorporated into the measurement of fair value. Information on the accounting policy for the grant of awarded shares is provided in the accounting policy (T)(ii) on page 197.

The total number of new Shares available for issue under the 2018 Share Award Scheme utilising the general mandate granted by the Shareholders at the annual general meeting on 11 May 2022 is 251,459,552, representing approximately 9.27% of the issued Shares, as at the date of this annual report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the financial year divided by weighted average number of Shares in issue for the financial year is 0.39%.

Corporate Governance

For the year ended 31 December 2022, save as disclosed in the Corporate Governance Report on pages 77 to 131 of this annual report, all the code provisions set out in the CG Code were met by the Company.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Directors at the latest practicable date prior to this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2022 and at any time up to the latest practicable date.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Auditor

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

By order of the Board



Ding Shizhong
Chairman

Hong Kong SAR, 21 March 2023

Corporate Governance Report

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

Save as disclosed below, the Company has complied with the code provisions of the CG Code during the financial year. The Company regularly reviews its corporate governance practices to ensure its continuous compliance.

(A) Board and Board Committees

The Board is collectively responsible for the Company's management, operations and decisions.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of management team. All Directors are subject to the same legal duties under all applicable laws and the Listing Rules. They are required, in the performance of their duties as directors, to act honestly and in good faith in the interests of the Company as a whole, avoid actual and potential conflicts of interest and duty, apply reasonable care and diligence, and make decisions objectively in the best interests of the Company. Currently, the Board comprises 10 Directors, including 6 Executive Directors and 4 Independent Non-Executive Directors, and the composition of the Board and the Board Committees are as follows:

Executive Directors

Mr. Ding Shizhong (*Chairman*)
Mr. Ding Shijia (*Deputy Chairman*)
Mr. Lai Shixian (*Co-Chief Executive Officer*)
Mr. Wu Yonghua (*Co-Chief Executive Officer*)
Mr. Zheng Jie
Mr. Bi Mingwei (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. Yiu Kin Wah Stephen *JP*
Mr. Lai Hin Wing Henry Stephen
Ms. Wang Jiaqian
Ms. Xia Lian (appointment effective from 1 July 2022)

Audit Committee

Mr. Yiu Kin Wah Stephen (*committee chairman*) (*Independent Non-Executive Director*)
Mr. Lai Hin Wing Henry Stephen (*Independent Non-Executive Director*)
Ms. Wang Jiaqian (*Independent Non-Executive Director*)
Ms. Xia Lian (*Independent Non-Executive Director*)

Remuneration Committee

Mr. Lai Hin Wing Henry Stephen (*committee chairman*) (*Independent Non-Executive Director*)
Ms. Wang Jiaqian (*Independent Non-Executive Director*)
Ms. Xia Lian (*Independent Non-Executive Director*)
Mr. Ding Shizhong (*Executive Director*)

Corporate Governance Report

Nomination Committee

Mr. Lai Hin Wing Henry Stephen (*committee chairman*) (*Independent Non-Executive Director*)
Mr. Yiu Kin Wah Stephen (*Independent Non-Executive Director*)
Mr. Lai Shixian (*Executive Director*)

Risk Management Committee

Mr. Yiu Kin Wah Stephen (*committee chairman*) (*Independent Non-Executive Director*)
Ms. Wang Jiaqian (*Independent Non-Executive Director*)
Ms. Xia Lian (*Independent Non-Executive Director*)
Mr. Lai Shixian (*Executive Director*)

Sustainability Committee

Mr. Lai Shixian (*committee chairman*) (*Executive Director*)
Mr. Yiu Kin Wah Stephen (*Independent Non-Executive Director*)
Mr. Lai Hin Wing Henry Stephen (*Independent Non-Executive Director*)
Ms. Wang Jiaqian (*Independent Non-Executive Director*)
Ms. Xia Lian (*Independent Non-Executive Director*)
Mr. Wu Yonghua (*Executive Director*)
Mr. Zheng Jie (*Executive Director*)
Mr. Yiu Wai Hung*

* *non-Board member*

The Board contains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board includes a balanced composition of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Board practice is in place so that any changes to the Board composition (if any) can be managed without undue disruption.

Mr. Wang Wenmo tendered his resignation as a Non-Executive Director with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Wang confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board expressed its sincere gratitude to Mr. Wang for his invaluable contributions to the Company during the tenure of his service as a Director.

Mr. Dai Zhongchuan tendered his resignation as an Independent Non-Executive Director with effect from 1 July 2022 due to the need to focus on his other personal businesses. Mr. Dai confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange. The Board expressed its sincere gratitude to Mr. Dai for his invaluable contributions to the Company during the tenure of his service as a Director.

Ms. Xia Lian was appointed as an Independent Non-Executive Director by the Board to fill a casual vacancy with effect from 1 July 2022. She holds a bachelor's degree in marketing from the Peking University in China and a master's degree in executive master in change from European Institute of Business Administration (INSEAD). She is currently an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.[#] (遠見教育科技(深圳)有限公司) and a director of China Publishing Group Kunlun Media Co. Ltd.[#] (中版昆侖傳媒有限公司), and has over 20 years of experience in business administration and business consultancy. She was employed by Cheung Kong Graduate School of Business from April 2007 to August 2020 with her last position as an assistant dean. Ms. Xia is an independent director of Shanying International Holding Co., Ltd.* (山鷹國際控股股份有限公司) (stock code: 600567) listed on Shanghai Stock Exchange.

[#] *The English translation of the company names is for reference only. The official names of these companies are in Chinese.*

In considering the appointment of Ms. Xia, the Board, with assistance and recommendation from Nomination Committee, reviewed the structure, size, composition and diversity of the Board from a number of aspects, including but not limited to the professional experience, skills and expertise, that Ms. Xia could bring. In respect of the Independent Non-Executive Director appointment of Ms. Xia, the Board reviewed the qualification and assessed the independence (including the requirements under Rule 3.13 of the Listing Rules) of Ms. Xia, and the Board was not aware of any circumstance that might influence Ms. Xia in exercising independent judgment, and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of Independent Non-Executive Director and she would be able to maintain an independent view of the Group's affairs.

Ms. Xia was appointed by way of a letter of appointment with a term of three years. In accordance with article 83 of the Company's articles of association, her appointment shall be subject to retirement and shall be eligible for re-election at the first AGM after her appointment.

Directors' biographical details and relationships between the Directors (if any) are set out in the section entitled "Directors, Company Secretary and Senior Management" in this annual report.

The Board's Roles and Responsibilities

The Board is collectively responsible for long-term success of the Group and interests of Shareholders. Under the leadership of the Chairman, the Board actively promotes the success of the Group by directing and supervising its affairs in a responsible and effective manner. The principal responsibilities of the Board include, but are not limited to, the following:

- formulating the Group's mission, vision and core values;
- establishing and promoting the Group's corporate culture;
- formulating, updating and refining the Group's strategy and business objectives;
- reviewing and approving the Group's business plan;
- monitoring and evaluating the management in driving the Group's businesses against plan and budget;
- approving any major acquisitions and disposals, formation of joint ventures and capital transactions, and any other transactions in accordance with the Listing Rules and other regulations;
- overseeing the management of the Group's relationships with stakeholders;
- ensuring the effective communication with the shareholders of the Company;
- ensuring appropriate and adequate disclosure and reporting in corporate communication documents including announcements and annual reports;
- reviewing the policies and monitoring the implementations in relation to corporate governance, internal controls, risk management and sustainability practices;
- approving the Group's quarterly, interim and annual financial statements, applicable results announcements and any other related documents;
- considering the distributions of ordinary and special dividends (if any);

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- providing all Board Committees with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary; and
- evaluating the performances of the Board and the Board Committees annually.

Executive Directors and Management's Roles and Responsibilities

The Executive Directors are involved in the day-to-day operations of the Group's businesses. Being members of the Company's senior management, they ensure that the management is accountable to the Board, and ultimately to the Shareholders. The Executive Directors also seek advice from and work closely with the Non-Executive Director and the Independent Non-Executive Directors. The principal responsibilities of the Executive Directors and management include, but are not limited to, the following:

- implementing the Company's strategies and objectives including assessing and identifying trends and development, for the Company;
- analysing the global macro economy and local market situation;
- conducting day-to-day management of the Group's businesses operation;
- achieving budget, plan and targets set by the Board;
- designing, implementing and maintaining appropriate and effective risk management and internal control systems;
- monitoring risks and takes measures to mitigate risks in day-to-day operations;
- monitoring and assessing the performance of each brand and function under the Group;
- providing input to and reviewing the business planning and budget; and
- analysing various matters, such as products lines, sales channels and supply chain, in different dimensions for the Group's businesses operation.

Delegation by the Board

In addition to the individual Board Committees established to assist the full Board in specific areas as discussed below, the responsibilities for implementing the Company's strategies and objectives, and day-to-day management of the Group's business operations are delegated to the Executive Directors and management team. The Board does not delegate matters to Executive Directors or management team to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions. The Company formalises the functions reserved to the Board and those delegated to management, and management are aware of the matters needed to report back and obtain prior Board approval before making decisions or entering into any commitments on the Group's behalf. The Board would review those arrangements from time to time to ensure that they remain appropriate to the Group's needs.

Chairman and CEO

Chairman provides leadership for the Board and takes the lead to ensure the Board acts in the best interests of the Company. The responsibilities of Chairman comprise, but are not limited to, the following:

- ensuring that the Board works effectively and performs its responsibilities;
- ensuring and overseeing sound corporate governance practices and procedures;

- enhancing effective communication with Shareholders and ensure the views of Shareholders are communicated to the Board as a whole;
- encouraging all Directors to make full and active contributions to the Board's affairs;
- facilitating the effective contribution of Non-Executive Directors (including Independent Non-Executive Directors) in particular and ensuring constructive relations between Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors);
- ensuring all Directors are properly briefed on issues arising at Board meetings and always receive timely, accurate, reliable and complete information;
- ensuring sufficient time for discussion of issues among Directors; and
- ensuring that Board decision fairly reflect Board consensus.

CEO takes the lead of the Group's entire management team and reports to the Board on behalf of the management. The responsibilities of CEO comprise, but are not limited to, the following:

- leading and supervising the management team in the Group's daily operations;
- executing the Company's strategic initiatives determined by the Board from time to time;
- reporting on business operation, financial performance and strategic matters and providing key updates to the Board regularly;
- enhancing the Group's existing brand portfolio;
- facilitating the integration of different functions among the Group to unlock the potential synergies; and
- seeking for potential acquisition and investment opportunities.

Under code provision C.2.1 of the CG Code, the roles of the Chairman and the CEO should be separated and should not be performed by the same individual. During the financial year, the roles of the Chairman and the CEO were 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 CEO 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 management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises 6 Executive Directors and 4 Independent Non-Executive Directors and therefore has a strong independence element in its composition.

Change in the Executive Directors' Management Responsibilities

To align the Group's management structure with its strategic directions and to enhance the Group's corporate governance, the following changes in the Executive Directors' management responsibilities have taken effect from 1 February 2023:

- Mr. Ding Shizhong retired from the role as the CEO and remain as the Chairman. He continues to play a core leadership role in the Group's corporate strategy, talent build-up, corporate culture and operational supervision, and directly oversees the Group's internal audit and supervision functions as well as mergers and acquisitions initiatives;
- Mr. Ding Shijia continues to oversee the Group's manufacturing operation, and ceased to oversee the Group's supply chain management;

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- Mr. Zheng Jie remains as an Executive Director and retired from the roles as Group President and the chief executive officer of the Outdoor Sports Group. He continues with his role as the chief executive officer of Amer Sports and be primarily responsible for Amer Sports related business;
- Mr. Lai Shixian has been appointed as the Co-CEO, and retired from the role as the CFO. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions including human resources, legal, investor relations and administration;
- Mr. Wu Yonghua has been appointed as the Co-CEO, and retired from the role as the chief executive officer of the Performance Sports Group. He is in charge of FILA brand, the Group's international businesses and a number of the Group's functions including retail channel management and public relations; and
- Mr. Bi Mingwei has been appointed as the CFO. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management.

The Board believes that the above changes (i) facilitate the implementation of the Group's "multi-brand" and "globalisation" strategies; (ii) enhance the Group's corporate governance by performing the roles of Chairman and CEO through separate management personnel; and (iii) enhance management efficiency and the Group's talent development.

The above changes improve the Group's corporate governance structure, and is in line with the governance models of large-scale international enterprises and the code provision C.2.1 of the CG Code.

Other than the changes set out above, the composition of the Board and the designations of each respective Executive Director and Independent Non-Executive Director remain unchanged.

For details please refer to the announcement of the Company dated 18 January 2023.

Since 1 February 2023, given the above changes, the Company has complied with all the code provisions, including code provision C.2.1, of the CG Code.

Compliance with the Code for Securities Transactions for Directors' Securities Transactions

The Company has established written guideline no less exacting than the Model Code for the Directors in respect of their dealings in the Company's securities ("Code for Securities Transactions"). Our management's dealings in the Company's securities are also subject to the Code for Securities Transactions for those who have access to potential inside information, and are recorded in the register under the Code of Securities Transactions. The Company has further made specific enquiries to all the Directors and they have confirmed their compliance with the required standards set out in the Code for Securities Transactions regarding the Directors' securities transactions during the financial year. During the financial year, no incident of non-compliance with the Code of Securities Transactions was noted by the Company.

Directors' and Officers' Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding offices as the Directors and officers of the Group. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Appointments, Retirement and Re-election of Directors

A formal, considered and transparent procedure for the appointment of new Directors is in place. Appointment of Directors is recommended by Nomination Committee for approval of the Board. Candidates should be aware that they must be able to contribute sufficient time and attention to the affairs of the Company before accepting their appointment. Each newly appointed Director would receive a formal, comprehensive and tailored orientation, which details the duties and responsibilities of Directors under the Listing Rules, the Company's constitutional documents and other related ordinances and relevant regulatory requirements. Presentations by internal management and external professionals (where necessary) would also be provided to ensure a proper understanding of the Company's business and operations and governance policies.

Each of the Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) has entered into a service contract with the Company for a specific term. The existing articles of association of the Company provides that any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM after his appointment and shall then be eligible for re-election. Also, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. When an Independent Non-Executive Director proposed for re-election has served for more than nine years, his re-election would be subject to a separate resolution to be approved at the AGM.

For details of re-election of Directors at the forthcoming AGM, please refer to the section entitled "Directors" in the Report of the Directors of this annual report.

Directorship Commitments

The Board is satisfied that the Directors had a strong commitment to the Company and positively contributed to the Board through their participation in the Company's affairs and the Board's discussions and decisions, as reflected in their high attendance record on the Board and its Committee meetings during the financial year. All of the Directors have provided annual confirmations and made disclosures about their other appointments, the number and nature of offices held in public companies or organisations and other significant commitments.

Non-Executive Directors

Non-Executive Directors (including Independent Non-Executive Directors) may be industry practitioners or experts in the Group's business, or have other skills and experience in other areas which enhancing the Board members' balance of skills, experience and diversity of perspectives. As Board members with equivalent role, Non-Executive Directors (including Independent Non-Executive Directors) give the Board and any Board Committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Non-Executive Directors (including Independent Non-Executive Directors) can make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

The responsibilities of Non-Executive Directors comprise, but are not limited to, the following:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise for other Directors;
- serving on the Board Committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

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

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Independent Non-Executive Directors

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

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. Nomination Committee has assessed the independence of all the Independent Non-Executive Directors, and the Board and Nomination Committee consider that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Currently, none of the Independent Non-Executive Directors, individually, held directorships in seven or more listed public companies (including the Company) or has served for more than nine years.

During the financial year, the Chairman held a meeting with all the Independent Non-Executive Directors (without the presence of other Directors), matters to discuss including:

- competitiveness analysis on the Group's outlook and strategy;
- overall consumer sector's performance;
- joint venture's recent development;
- brand strategy;
- risk management; and
- other matters that the Independent Non-Executive Directors may have concerned.

Mechanisms to Ensure Independent Views and Input are Available to the Board

The Company has put in place mechanisms to ensure independent views and input are available to the Board, including but not limited to the following:

- Board and Board Committees meetings:
Non-Executive Directors (including Independent Non-Executive Directors) participate in the Board and/or Board Committee meetings (including meetings of Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Sustainability Committee) to bring independent views, advice and judgment on important issues relating to the Company (including strategy, policy, performance, accountability, resources, key appointments and standards of conduct), and take the lead on matters where potential conflicts of interests arise;
- Board and Board Committees evaluation:
The Board and Board Committees conduct annual evaluations of their respective effectiveness and performance in the form of questionnaire. Non-Executive Directors (including Independent Non-Executive Directors) have been providing objective and independent feedbacks to the Board by participating in the annual evaluations of the Board and Board Committees;

- Annual review of Independent Non-Executive Directors' independence:

Nomination Committee assesses the independence of all Independent Non-Executive Directors annually in accordance with the requirements of the Listing Rules; and

- Further review of long-serving Independent Non-Executive Directors:

In respect of any Independent Non-Executive Directors having served for more than nine years, Nomination Committee further assesses his role as an Independent Non-Executive Director, taking into account factors including but not limited to his reputation for integrity, experience, ability to assist the Board, perspectives and skills, and commitment while having due regard to the board diversity policy of the Company.

The Board has reviewed the implementation and effectiveness of the above mechanisms on an annual basis and is of the view that such mechanisms was implemented effectively during the financial year.

Director Nomination Policy

The Company has adopted a director nomination policy to ensure that the Board has a balance of skills, experience and diversity of perspective relevant to the Group's business. Nomination Committee shall nominate suitable candidates to the Board for it to (i) consider and make recommendations to the Shareholders for election of Directors at general meetings or (ii) appoint as Directors by the Board to fill casual vacancies or as additions to the existing Board.

Nomination Committee may nominate such number of candidates as it considers appropriate to (i) be appointed or re-appointed as Directors at a general meeting, or (ii) fill the casual vacancies or otherwise serve as new members of the existing Board. However, the ultimate responsibility for selection, recommendation and appointment of Directors shall rest with the entire Board.

In assessing the suitability of a proposed candidate, Nomination Committee would consider factors including:

- integrity;
- qualification and experience in sportswear industry and/or business strategy, management, legal and financial aspects;
- ability to assist the Board in effective performance of its responsibilities;
- the perspectives and skills that the proposed candidate is expected to bring to the Board;
- commitment in respect of available time and relevant interest;
- diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- in the case of selection for Independent Non-Executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive. Nomination Committee has the discretion to nominate any person, as it considers appropriate.

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The secretary of Nomination Committee shall call a meeting and invite nominations of candidates from Board members (if any) for consideration by Nomination Committee prior to its meeting. Alternatively, such nomination may be approved by Nomination Committee by way of written resolutions. For filling a casual vacancy or addition to the existing Board, Nomination Committee shall recommend candidate(s) for the Board's consideration and approval. For proposing candidates to stand for election of Directors at a general meeting, Nomination Committee shall make nominations to the Board for its consideration and recommendation. Subject to and pursuant to the existing articles of association of the Company, any one or more Shareholders can serve a notice of its intention to propose a resolution to elect certain person (other than the Shareholders serving such notice) as a Director, without the Board's recommendation or Nomination Committee's nomination (details of which are set out in the section entitled "(F) Shareholders' Rights, Communications with Shareholders and Investor Relations" below).

The re-appointment of a long serving Independent Non-Executive Director (e.g. an Independent Non-Executive Director who has continuously served for more than nine years) at AGM of the Company shall be subject to any other requirements that may be required by the Listing Rules from time to time.

Nomination Committee would regularly review the implementation and effectiveness of the director nomination policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Board Diversity Policy

The Company adopted a board diversity policy in accordance with the requirement set out in the CG Code. The policy aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to broaden its view and enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Diversity on the Board can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In designing the Board's composition, the Company will also take into account factors based on its own business model and specific needs from time to time.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Directors are from diverse and complementary backgrounds. Their valuable experience and expertise are critical for the long-term growth of the Company. The current Board's composition under diversified perspectives is summarised as follows:

Name	Mr. Ding Shizhong	Mr. Ding Shijia	Mr. Lai Shixian	Mr. Wu Yonghua	Mr. Zheng Jie	Mr. Bi Mingwei	Mr. Yiu Kin Wah Stephen	Mr. Lai Hin Wing Henry Stephen	Ms. Wang Jiaqian	Ms. Xia Lian
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Female	Female
Age	52	58	48	52	54	50	62	66	44	44
Length of service of the Board (up to 31 December 2022)	15 years	15 years	15 years	15 years	13 years	1.5 year	4.5 years	2 years	1.5 year	0.5 year
(a) Accounting & finance			✓			✓	✓			
(b) Business development	✓			✓	✓				✓	✓
(c) Brand management	✓			✓	✓				✓	
(d) Capital market			✓				✓	✓		
(e) Corporate responsibility/ sustainability	✓		✓	✓	✓	✓	✓	✓	✓	✓
(f) Corporate strategy and planning	✓				✓	✓			✓	✓
(g) Executive management and leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Skills, knowledge & professional experience										
(h) Informational management			✓			✓				
(i) Investor relations			✓							
(j) Legal			✓					✓		
(k) Manufacturing		✓								
(l) Other listed board experience/role			✓				✓	✓		✓
(m) Operational management	✓	✓	✓	✓	✓	✓				
(n) Risk management			✓			✓	✓		✓	✓
(o) Sales and marketing	✓			✓	✓					
(p) Supply chain management		✓	✓			✓				
(q) Treasury management			✓							

Nomination Committee would annually review the implementation and effectiveness of the board diversity policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

Nomination Committee has conducted the annual review of the Board composition and the implementation and effectiveness of the board diversity policy. Based on different measurable objectives on board diversity, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, Nomination Committee considered that board diversity has been achieved since 2021. In particular, after the appointment of each of Ms. Wang Jiaqian and Ms. Xia Lian as an Independent Non-Executive Director on 1 July 2021 and 1 July 2022, respectively, the Board is no longer a single gender board. Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level, and shall continue to take initiatives to identify more female candidate(s) to further enhance the gender diversity among the Board members with a target of 30% women in the Board by the end of 2030. Nomination Committee concluded that the policy was implemented effectively during the financial year.

The Board also recognises the importance of diversity in the workforce (including senior management). The Group employs our staff based on meritocracy and we respect our staff's personal choices, regardless of gender, age, religion, nationality etc. Currently only the Executive Directors, the Co-CEOs and the CFO are regarded as members of the Group's senior management, which makes achieving gender diversity at senior management level more challenging. The Group will continue to make ways in achieving gender diversity in the workforce (including senior management) with a target of over 40% women in the director level and above by the end of 2030.

Particulars regarding Directors' remuneration and the five highest paid individuals as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 6 and 7 to the financial statements.

Training and Support for Directors

Directors should keep abreast of the latest developments in various areas, including laws and regulations, the Listing Rules, as well as industry update to discharge their duties and responsibilities for the benefit of the Company. Each newly appointed Director would receive an induction covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Company also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Directors have provided records of the training they received during the financial year, and they have participated in the following training:

Directors	Reading materials in relation to legal, regulatory & industry updates	Briefing and updates on business and operation	Training/ Seminars	Other professional developments
<i>Executive Directors</i>				
Mr. Ding Shizhong	✓	✓	✓	✓
Mr. Ding Shijia	✓	✓	✓	✓
Mr. Lai Shixian	✓	✓	✓	✓
Mr. Wu Yonghua	✓	✓	✓	✓
Mr. Zheng Jie	✓	✓	✓	✓
Mr. Bi Mingwei	✓	✓	✓	✓
<i>Non-Executive Director</i>				
Mr. Wang Wenmo (resignation with effect from 1 July 2022)	✓	✓	✓	
<i>Independent Non-Executive Directors</i>				
Mr. Dai Zhongchuan (resignation with effect from 1 July 2022)	✓	✓	✓	✓
Mr. Yiu Kin Wah Stephen	✓	✓	✓	✓
Mr. Lai Hin Wing Henry Stephen	✓	✓	✓	✓
Ms. Wang Jiaqian	✓	✓	✓	✓
Ms. Xia Lian (appointment with effect from 1 July 2022)	✓	✓	✓	✓

Board Committees

The Board has established Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Sustainability Committee (collectively "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are posted on the website of the Company (ir.anta.com) and the HKEXnews website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk).

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Before a committee meeting starts, all members of the committee shall declare their interests (including the interests of their associates) in respect of the matters to be discussed and/or the resolutions to be approved during the meeting in accordance with the articles of association of the Company and/or the Listing Rules. In case a member of the committee (or his associate) has a material interest in a matter to be discussed and/or a resolution to be approved during a meeting, other members of the committee, for the purpose of avoidance of conflict of interests, shall consider and decide if the member shall abstain from voting in the resolutions and/or be absent from the meeting.

The Board Committees are provided with sufficient resources to perform their duties and are able to seek, at the Company's expenses, independent professional advice as necessary. The committees are able to invite relevant personnel within the Group to attend meetings, and to obtain any information that they require from any other committees and/or departments, if they consider necessary, in order to perform their duties. The committees may invite external advisers with relevant experience and expertise to participate and attend committee meetings as and when necessary, and they can review and approve the advisory fees and other terms of engagement of the external advisers.

Full details of the committees' work are disclosed in the relevant sections for each of the Board Committees.

Audit Committee

Audit Committee is responsible for monitoring the integrity of the Group's financial statements, annual and interim reports and focus on the Group's financial reporting integrity, ensuring the compliance with the applicable accounting principles and practices for a balanced, clear and comprehensible assessment of the Group's performance, position and prospects, and ensuring the compliance with any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed. The committee maintains an appropriate relationship with the Company's external auditor, and makes recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

Audit Committee meets regularly with the Company's external auditor to discuss the audit process and accounting issues. The committee meets with the external auditor without management members present at least once a year to discuss any issues arising from the audit and any other matters the external auditor may wish to raise. The external auditor may request for holding of meetings if they consider it necessary.

Also, to comply with the requirements under the CG Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities (with relevant authorities) to Audit Committee.

The terms of reference of Audit Committee are in line with the code provisions of the CG Code. The responsibilities of Audit Committee comprise, but are not limited to, the following:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and on any questions of its resignation or dismissal;
- approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- monitoring the engagements of external auditor to supply any non-audit services, and making recommendations on any related matters where action or improvement is needed;
- acting as the key representative body for overseeing the Company's relations with the external auditor;

- monitoring integrity of the Company's and the Group's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them;
- considering any significant or unusual items that are, or may need to be, reflected in the report and accounts;
- giving due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or external auditor;
- conducting an annual review of the effectiveness of the Group's processes for financial reporting and financial controls;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter (if any), any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- ensuring the appropriate arrangements are in place so that employees of the Group can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensuring the Company would make fair and independent investigation of these matters and appropriate follow-up action;
- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

During the financial year, Audit Committee performed, considered and/or resolved the following matters:

- reviewing and considering the annual results of the Group for the year ended 31 December 2021 for the approval by the Board;
- reviewing and considering the interim results of the Group for the 6 months ended 30 June 2022 for the approval by the Board;
- approving the external auditor's scope, plan and fees of the annual audit and the interim review;
- meeting with the external auditor and discussing their major findings in the annual audit and the interim review;
- reviewing the reports prepared by the external auditor relating to the annual audit and the interim review;
- considering the effectiveness of the external auditor, giving due consideration to the quality and contents of their reports to the committee, feedback from management and compliance with relevant regulatory, professional requirements and their independence;

Corporate Governance Report

- considering the safeguard of external auditor's objectivity and independence in proposed engagement in respect of audit-related and permissible non-audit services;
- considering recommendation of the re-appointment of external auditor for Shareholders' approval in AGM;
- meeting with external auditor in the absence of management to discuss matters relating to audit fees, issues arising from audit and other matters the auditor raised;
- reviewing the adequacy of the resources, staff qualification and experience, training programmes and budget of those relating to Group's accounting and financial reporting function for the financial year;
- determining and reviewing the Company's current corporate governance policy and practice;
- reviewing the Company's compliance with the CG Code and other legal and regulatory requirements; and
- reviewing the disclosure in the Corporate Governance Report.

Remuneration Committee

Remuneration Committee is responsible for making recommendations to the Board on the policy and structure for remuneration of all Directors and senior management of the Group and other matters relating to remuneration, for the purpose of motivating, retaining and attracting the best talent for the Group in order to maximise shareholder value. The remuneration of all Directors is subject to regular monitoring by Remuneration Committee to ensure that their remuneration and compensation are reasonable.

In carrying out its duties, the committee would: (i) ensure the packages are sufficient to attract, retain and motivate Directors and senior management to run the Company successfully without paying more than necessary; (ii) be sensitive to the wider scene, including pay and employment conditions elsewhere, especially when determining annual salary increases; (iii) ensure that the remuneration package of Executive Directors and senior management are designed to align their interest with those of Shareholders and to give them keen incentives to perform at the highest levels; and (iv) ensure that share options and share awards (if any) are offered in accordance with the Listing Rules.

Also, the committee considers all aspects of remuneration, including: (i) salaries paid by comparable listed companies, time commitment and responsibilities and employment conditions of other positions in the Group; (ii) appointment and termination terms for the Directors and the senior management to ensure they are fair; (iii) compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure they are reasonable and appropriate; (iv) corporate culture and other non-financial key performance indicators; and (v) whether the remuneration package for an Independent Non-Executive Director may affect his objectivity and independence.

Remuneration Committee consults the Chairman and/or the CEO (or Co-CEOs (as applicable)) about their remuneration proposals for other Executive Directors, and accesses to independent professional advice if necessary.

The terms of reference of Remuneration Committee are in line with the code provisions of the CG Code. The responsibilities of Remuneration Committee comprise, but are not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy;
- determining, with delegation from the Board, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- making recommendations to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and the Company's objectives approved by the Board from time to time;
- reviewing and approving compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms;
- ensuring that no Director or any of his associates is involved in deciding his own remuneration; and
- reviewing and/or approving any remuneration matters relating to share schemes (including share option scheme and share award scheme) involving new or existing shares of the Company or its subsidiaries, and any other matters relating to share schemes under Chapter 17 of the Listing Rules.

During the financial year, Remuneration Committee performed, considered and/or resolved the following matters:

- reviewing the existing policy and structure for remuneration of all Directors and senior management of the Group;
- assessing the performance and reviewing the remuneration packages of the Executive Directors and senior management for financial year 2021;
- approving the discretionary bonuses of Mr. Ding Shizhong, Mr. Zheng Jie and Mr. Bi Mingwei for financial year 2021;
- reviewing and approving the management's remuneration proposals for the financial year;
- reviewing and making recommendation to the Board on the remuneration of Non-Executive Directors (including Independent Non-Executive Directors);
- approving the remuneration packages of Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wu Yonghua in respect of the renewal of their service agreements as Executive Directors;
- making recommendation on the remuneration of Mr. Wang Wenmo in respect of the renewal of his letter of appointment as a Non-Executive Director to the Board for approval;
- approving the new remuneration package of Mr. Bi Mingwei as an Executive Director;
- making recommendation on the remuneration of Ms. Xia Lian in respect of the new appointment as an Independent Non-Executive Director to the Board for approval; and
- approving the grants of an aggregate of 10,520,745 awarded shares to the Group's employees under the 2018 Share Award Scheme.

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Nomination Committee

Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The committee evaluates and assesses the optimal composition of the Board, taking into account the Company's culture, strategies and objectives. In identifying suitable candidates, Nomination Committee considers candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board (details of which are set out in the section entitled "Director Nomination Policy" above). Nomination Committee also reviews the structure, size and composition of the Board (details of which are set out in the section entitled "Board Diversity Policy" above) and assesses the independence of the Independent Non-Executive Directors (details of which are set out in the section entitled "Independent Non-Executive Directors" above).

The terms of reference of Nomination Committee are in line with the code provisions of the CG Code. The responsibilities of Nomination Committee comprise, but are not limited to, the following:

- identifying and nominating individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships when it is necessary to increase the number of Directors or to fill the Board vacancy, and the assessment criteria is whether the candidate is able to assist the Board in effective performance of the responsibilities;
- reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- reviewing the implementation of the board diversity policy of the Company and the measurable objectives that the Board has set for implementing the policy, and the progress on achieving the objectives, regularly;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular Chairman and the CEO; and
- assessing the independence of Independent Non-Executive Directors and reviewing the annual confirmations on their independence.

During the financial year, Nomination Committee performed, considered and/or resolved the following matters:

- conducting the annual review on the structure, size and diversity of the Board;
- reviewing the existing director nomination policy and board diversity policy of the Company, and the implementations;
- assessing the independence of Independent Non-Executive Directors and review of the annual confirmations on their independence;
- reviewing the re-appointment of Directors who retired from office at the past AGM in accordance with the Company's articles of association and offered themselves for re-election;
- approving the renewal of Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wu Yonghua's service agreements as Executive Directors;
- approving the renewal of Mr. Wang Wenmo's letter of appointment as a Non-Executive Director; and
- making recommendation on the appointment of Ms. Xia Lian as an Independent Non-Executive Director to the Board for approval.

Risk Management Committee

Risk Management Committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives; (ii) to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems; and (iii) to oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The responsibilities of Risk Management Committee comprise, but are not limited to, the following:

- overseeing the Group's risk management and internal control systems on an ongoing basis;
- conducting an annual review of the effectiveness of the Group's risk management and internal control systems;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's, internal audit function during the annual review;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty of establishing effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- ensuring co-ordination between the internal audit department and external auditor, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness;
- reviewing the regular reports by the internal audit department, including any findings of substantial contract review and non-compliance or irregularity matters;
- advising the Board on the Group's risk management principle and other risk related matters (including corporate actions and suggested strategic transactions, such as business combinations, acquisitions and disposals, substantial investments, and notifiable transactions as defined under the Listing Rules);
- ensuring a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) is in place to raise concerns, in confidence and under anonymity, with the committee about possible improprieties in any matter related to the Group; and
- ensuring that policy(ies) and system(s) are in place to (i) promote and support anti-corruption laws and regulations and to (ii) foster an anti-corruption culture within the Group.

During the financial year, Risk Management Committee performed, considered and/or resolved the following matters:

- conducting the annual review of the effectiveness of the risk management and internal control systems for financial year 2021, including consideration of the adequacy of resources, staff qualifications and experience of the Group's internal audit function;
- approving the annual audit plan provided by the internal audit department;
- reviewing the quarterly reports from the internal audit department and assessing the findings of substantial contract review and non-compliance or irregularity matters (if any);

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- reviewing the effectiveness of the Group's internal audit function;
- reviewing the results of the internal audit and internal control review by the internal audit department with regard to continuing connected transactions; and
- assessing the risks of certain transactions and making recommendation to the Board for approval.

The annual review of the effectiveness of the risk management and internal control systems for the financial year has been conducted, details of which are set out in the section entitled "(D) Risk Management and Internal Control" below.

Sustainability Committee

Sustainability Committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure.

The responsibilities of Sustainability Committee comprise, but are not limited to, the following:

- formulating the Group's vision, strategy and management approach on sustainable development;
- reviewing and overseeing ESG operation, governance structure and policy, and ensuring continuous compliance with legal and regulatory requirements;
- defining the Group's ESG objectives and relevant implementation rules and effectiveness, and regularly reviewing the progress of objectives accomplishment and reporting to the Board;
- identifying ESG risks and opportunities (including climate change related) and assessing their impacts on the Group, and reviewing whether the Group's ESG risks are effectively managed and controlled;
- reviewing and assessing the appropriateness and effectiveness of the Group's ESG governance and management structure, policies management approach, practices, procedures, strategies and measures, and updating and adjusting the same in a timely manner;
- reviewing the Group's climate change related work, overseeing the identification, assessment, management and reporting process of climate change related risks and opportunities, and determining the related strategies and measures addressing climate change, so as to reduce the negative impacts on the climate during the Group's business development;
- reviewing the Group's relevant ESG policies regularly, including but not limited to: supply chain management policies, chemical management policies, labour management policies, etc;
- overseeing the communication process between the Group and stakeholders, and if required, receiving feedback on ESG work from the Group's internal and external stakeholders, and providing improvement recommendations for the Group's future ESG work;
- ensuring that the Company prepares ESG reports in accordance with the Listing Rules and other relevant laws and regulations, reviewing annual ESG reports and reporting to the Board;
- making recommendation to the Board to maintain the completeness of ESG reports;

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of those relating to the Group's ESG performance and reporting;
- monitoring and verifying ESG-related staff training, budget and expenditure of the Group;
- monitoring, reviewing, and if required, reporting to the Board on international trends in legislation, regulation, and recommended best practices as regards to ESG, sustainability development, and ethical standards of corporate behaviour; and
- advising the Board the sufficiency of resources dedicated to ESG issues.

During the financial year, Sustainability Committee performed, considered and/or resolved the following matters:

- formulating and approving the Group's initial vision, core value and strategy on sustainability;
- reviewing and considering the ESG report for financial year 2021 for the approval by the Board;
- discussing the latest ESG development on policy, governance and capital markets, and trend in ESG reporting disclosure;
- discussing the latest ESG rating of the Company and considering any improvement measures;
- discussing the latest ESG regulatory requirement impacts to the Group, including climate change related matters;
- reviewing and approving the stakeholder engagement results for the purpose of ESG report for the financial year of 2022; and
- reviewing the reporting framework of ESG report for the financial year of 2022.

Annual Evaluation of the Board and Board Committees

The Company undertakes an annual internal evaluation of the effectiveness and performance of the Board and Board Committees to enhance Directors' accountability and to achieve good corporate governance and Board effectiveness. In March 2023, the Board and all Board Committees underwent an annual evaluation (in the form of questionnaires) of their respective effectiveness and performance for the financial year. The questionnaires cover a broad range of topics including the Board and Board Committees' compositions, meeting dynamics and meeting materials, culture and ethics, role and responsibilities, and relationships with management and other relevant parties.

The results of the evaluation show that the Board and all Board Committees are found to be operating effectively, there is nothing significantly affecting the Board or Board Committees' performance and there is no material issue that required further discussion. Reporting of matters by all the Board Committees to the Board is found to be clear and adequate. All Directors are satisfied that the Board and Board Committees have the right mix of expertise, experience and skills. A summary of the evaluation result has been provided to the Board and Board Committees for discussion.

Corporate Governance Report

Meetings

The Board meets regularly to discuss the overall strategy as well as the operational and financial performance of the Group. Board meetings are held at least four times a year at approximately quarterly intervals. Directors may participate either in person or through electronic means of communications in accordance with the articles of association of the Company. Further, they have independent access to the senior management in respect of operational issues.

The attendance of individual Directors (and non-Board member) at the Board and Board Committees meetings for the financial year is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting	Sustainability Committee Meeting
No. of meetings held for the year ended 31 December 2022	4	4	2	2	4	4
<i>Executive Directors</i>						
Mr. Ding Shizhong	4/4	–	2/2	–	–	–
Mr. Ding Shijia	4/4	–	–	–	–	–
Mr. Lai Shixian	4/4	–	–	2/2	4/4	4/4
Mr. Wu Yonghua	4/4	–	–	–	–	4/4
Mr. Zheng Jie	4/4	–	–	–	–	4/4
Mr. Bi Mingwei	4/4	–	–	–	–	–
<i>Non-Executive Director</i>						
Mr. Wang Wenmo (resignation with effect from 1 July 2022)	2/2	–	–	–	–	–
<i>Independent Non-Executive Directors</i>						
Mr. Dai Zhongchuan (resignation with effect from 1 July 2022)	2/2	2/2	2/2	–	2/2	4/4
Mr. Yiu Kin Wah Stephen	4/4	4/4	–	2/2	4/4	4/4
Mr. Lai Hin Wing Henry Stephen	4/4	4/4	2/2	2/2	–	4/4
Ms. Wang Jiaqian	4/4	4/4	2/2	–	4/4	4/4
Ms. Xia Lian (appointment with effect from 1 July 2022)	2/2	2/2	0/0	–	2/2	1/1
<i>Non-Board member</i>						
Mr. Yiu Wai Hung	–	–	–	–	–	4/4

All Directors have the opportunity to include matters in the agenda for Board meetings. Sufficient notice of not less than 14 calendar days would be given for regular meetings to all Directors enabling them to attend, and reasonable notice would be given in case of other Board meetings.

Directors are required to have a thorough understanding of the issues being discussed at Board or committee meetings to enable them to contribute to discussions. The Company provides the Board and the Board Committees with adequate, complete and reliable information, in a timely manner, to enable them to make informed decisions. All Directors (and Board Committees members (if applicable)) are provided with relevant materials relating to the matters brought before the meetings at least three days in advance.

All Directors do not, in all circumstances, rely purely on information provided voluntarily by management. Where any Director requires more information than is volunteered by the Company, he can make further enquiries where necessary. The Board and individual Directors have separate and independent access to the Company's senior management. All Directors can retain independent professional advisors if necessary, at the Company's expenses. Where queries are raised by Directors, steps would be taken by the Company to respond as promptly and fully as possible.

The company secretary (or committee secretary (if applicable)) is responsible for preparing the agenda for each Board (and Board Committees) meeting and ensuring the procedures and all applicable laws, rules and regulations are followed. All Directors can seek assistance from the company secretary (or committee secretary (if applicable)). The company secretary (or committee secretary (if applicable)) is also responsible for preparing draft and final versions of Board and Board Committees meeting minutes, and would send to the Directors and Board Committees members for comment (before sign-off) and for their records, within a reasonable time after the meetings. All Directors are entitled to have access to Board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board to make informed decisions.

Conflict of Interest

If a Director (or Board Committees member (if applicable)) has a conflict of interest in relation to a transaction or proposal to be considered by the Board or Board Committees, such transaction or proposal would be dealt with by a physical meeting rather than a written resolution, and the individual is required to declare such interest and to abstain from voting. The matter would be considered at a Board or Board Committees meeting attended by Directors (or Board Committees members (if applicable)) who have no material interest in the transaction.

Company Secretary

The company secretary of the Company is the key adviser to the Board on corporate governance and other regulatory compliance matters, and plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policies and procedures are followed. Any selection, appointment or dismissal of the company secretary would be approved by the Board. The company secretary is responsible for advising the Board through the Chairman on governance matters and facilitating induction and professional development of Directors. The company secretary reports to the Chairman. All Directors have access to the advice and services of the company secretary. The principal responsibilities of the company secretary include, but are not limited to, the following:

- assisting the Company develop and maintain a sound and effective corporate governance framework to ensure compliance and good corporate governance practices;
- keeping abreast of the developments in laws, rules and regulations that may affect the Group's business and operations, and briefing the Board on these developments;
- ensuring that the Board members receive continuous training in relation to the Group's business developments and any applicable laws and regulations; and
- providing compliance advice to the Board in the decision-making process, and ensuring full compliance.

Mr. Tse Kin Chung is the company secretary of the Company. He is a full time employee of the Group and has good knowledge of the Company's affairs. During the financial year, Mr. Tse has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of Mr. Tse are set out in the section entitled "Directors, Company Secretary and Senior Management" in this annual report.

Corporate Governance Report

(B) Corporate Purpose, Strategy and Culture

The Board has established the Company's purpose, values and strategy, and ensures that these and the Company's corporate culture are aligned. All Directors act with integrity, lead by example, and promote the desired corporate culture.

Mission

To Integrate the Sports Spirit of "Going Beyond Oneself" into Everyone's Daily Life.

- We keep pushing above our limits in pursuit of success in order to become better us and create value for the society.
- We never stop striving to build the world a better place and keep moving. The best part of sports is not winning but rather enjoying the benefits it has for our body and mind. Our staff exhibit this sportsmanship in both their personal and professional lives.
- As a multi-brand sportswear group, we understand the needs of consumers, provide products catering to those needs, and actively promote sports participation to help people live a wonderful life.

Vision

To Become a Leading Multi-brand Sportswear Group in the World.

- We keep moving and aspire to become a world leader in terms of market share, brand value, technological innovation, social responsibility, and staff development.

Three Cultural Values

Consumer-oriented

We create value for consumers. This is not only the purpose and meaning behind the existence of a corporation, but also the responsibility and mission for everyone at ANTA Group.

Benchmarking against High Standards

The concept of going beyond oneself should be reflected in the work attitude, job requirements and daily practices of everyone at ANTA Group.

Learning from Leaders

ANTA Group's entire management should serve as a role model to motivate and steer the team to victory.

Corporate Strategy

“Single-focus, Multi-brand, Globalisation”

- Single-focus:

Produce quality footwear and apparel products with focus on the sportswear market and consumer value; each brand focuses on product categories that drive brand salience in order to establish leading positions in their respective market segments.

- Multi-brand:

Leverage various brands to fulfill consumers’ needs and create diversified values for consumers, as well as build a multi-brand matrix encompassing brand groups of Performance Sports, Fashion Sports and Outdoor Sports; strengthen group-level shared platforms to empower multi-brand development.

- Globalisation:

Help Chinese brands to expand their reach globally and help global brands penetrate the China market; leverage on the extensive global network of ANTA Group and its joint venture, Amer Sports, to better meet the needs of global consumers; realise globalisation in terms of market position, brand portfolio, value chain composition and governance structure.

(C) Financial Reporting and External Auditor Related Matters

Financial Reporting

The Board aims to present a clear, balanced, comprehensible and understandable assessment of the Group’s performance, position and prospects in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Before approval of any financial or other information, management would provide sufficient explanation and information to the Board to enable it to make an informed assessment. Also, management provides all Directors with regular updates giving a balanced and understandable assessment of the Group’s performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

The Board acknowledges that it is responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, International Financial Reporting Standards, Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Listing Rules have been adopted, the appropriate accounting policies have been consistently used and applied, and reasonable judgements and estimates are properly made. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

Audit Committee reviewed this annual report, including the consolidated financial statements of the Group for the year ended 31 December 2022 and the annual results announcement with a recommendation to the Board for approval. Audit Committee considered the following factors during the review:

- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from audit;
- the going concern assumptions and any qualifications;
- compliance with accounting standards;

Corporate Governance Report

- compliance with the Listing Rules and legal requirements in relation to financial reporting; and
- fairness of the connected transactions and the continuing connected transactions, and making disclosure in accordance with the Listing Rules and the applicable financial reporting standards.

External Auditor and Audit Quality Evaluation

KPMG has been appointed as the Company's external auditor since 2004. KPMG has confirmed to Audit Committee that they are independent with respect to acting as external auditor to the Company. The work scope and responsibilities of KPMG are stated in the section entitled "Independent Auditor's Report" in this annual report.

There was no disagreement between the Board and Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

An effective audit not only provides independent assurance on whether an entity's financial statements are free from material misstatements (i.e. give a true and fair view), but may also identify weaknesses in internal controls of the audited entity. The purpose of an audit is to enhance users' confidence in the credibility of financial statements, which contain reliable and relevant information for investors and other stakeholders to make informed decisions. While the primary responsibility for audit quality rests with external auditor, Audit Committees, in the interests of investors and other external stakeholders, plays a pivotal role in monitoring how auditor enhance and maintain audit quality.

Audit Committee underwent the annual evaluation of the Company's external auditor, KPMG, from an audit quality perspective for the financial year. The following factors of have been taken into account by the committee:

- governance and leadership;
- compliance with relevant ethical requirements (including but not limited to independence);
- industry knowledge and technical competence;
- engagement performance and resources;
- communication and interaction with Audit Committee; and
- monitoring process.

Based on the evaluation results, Audit Committee considered KPMG, as the Company's incumbent auditor, maintained audit quality that was sufficient and appropriate for the Company's audit engagement.

Auditor's Non-Audit Services Policy

The Company has adopted an auditor's non-audit services policy to set parameters for the Group's non-audit services engagements consistent with applicable laws, regulations and the Company's corporate governance principles. The policy is applicable to the Company's external auditor, including (i) any entity that is under common control, ownership or management with the audit firm; or (ii) any entity that a reasonable and informed third party having knowledge of all relevant circumstances would reasonably consider as part of the audit firm nationally or internationally.

In order to maintain the independence of the Company's external auditor, the engagement of the auditor in relation to non-audit services shall be subject to the approval by Audit Committee. Audit Committee may approve exceptions when it determines that such an exception is in the best interests of the Company and it is determined that such an exception does not impair the independence of the auditor.

Notwithstanding the foregoing, the following non-audit services are generally prohibited and generally will not be considered for exception from the policy:

- bookkeeping or other services that would affect the accounting records or the financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment adviser or investment banking services;
- legal services; and
- any other services that Hong Kong Stock Exchange, Securities and Futures Commission of Hong Kong or applicable regulator determines impermissible.

For the purpose of Audit Committee's approval of any non-audit services to be provided by the Company's external auditor, the auditor shall provide a written statement to the effect that such non-audit services do not impair its independence.

Audit Committee is responsible for monitoring the independence of the Company's external auditor to ensure true objectivity in the financial statements, reviewing scope of non-audit services and approving fees payable to the auditor. The committee shall report to the Board on any matters where action or improvement is needed in relation to non-audit services provided by the auditor.

Audit Committee has reviewed the nature and the service charges of non-audit services performed by KPMG during the financial year and considered that these non-audit services have no adverse effect on the independence of the auditor.

Audit Committee would regularly review the implementation and effectiveness of the auditor's non-audit services policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

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During the financial year, Audit Committee has conducted the review of the implementation and effectiveness of the auditor's non-audit services policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Auditor's Remuneration

Audit Committee plays a pivotal role in approving the remuneration of auditors. Audit Committee ensures audit fees are not at a level that compromises audit quality and considers key factors including the nature, size, and complexity of the audit as well as market competition in assessing the reasonableness of audit fees.

Audit Committee would award such fees, commensurate with the demands of the engagement, as would ensure that sufficient resources with appropriate expertise and experience will be allotted to enable the audit to be performed in accordance with professional standards and applicable legal and regulatory requirements.

During the financial year, the fee payable to KPMG in respect of its audit services provided to the Group (other than joint venture) was RMB10,467,000 (2021: RMB9,943,000). Audit Committee has assessed the reasonableness of the audit fee in following aspects:

- size and structure of the Group in terms of: (i) total assets, revenue and net income; (ii) number and relative significance of subsidiaries and associated entities; (iii) number of geographical locations where the Group conducts business; and (iv) lines of business operated by the Group;
- nature and complexity of the Group's businesses in terms of: (i) nature of the Group's principal activities; (ii) effectiveness of the Group's financial reporting and internal control over financial reporting; (iii) whether computer-aided audit tools are expected to be used and technology specialists should be involved; and (iv) whether the Group's businesses are diversified in terms of number of business segments;
- breakdown of audit fees in terms of: (i) by seniority of staff members (i.e. the number of hours that the audit partner, audit managers, specialists, and other team members dedicated to the audit); (ii) by geographical locations of the Group's businesses (i.e. the amount of audit fees allocated by the audit firm to component auditors at each location); and (iii) by business segments of the Group (i.e. the amount of audit fees allocated by the audit firm to the audit of each business segment);
- other factors, in terms of: (i) audit fees charged by the audit firm for entities that operate in a similar industry; and (ii) fees paid by other listed entities of similar size and nature for audits of similar complexity.

Audit Committee was aware that KPMG proposed the audit fees based on factors such as severity of responsibilities, complexity, work requirements, required working conditions and working hours, and professional knowledge and work experience of staff at all levels actually participating in the audit engagement.

Audit Committee considered that, having taken into account the factors mentioned above, the audit fee of KPMG was reasonable, was within normal market level and not significantly lower than other firms, and was sufficient to enable the firm to perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements.

Fees for non-audit services for the financial year comprise service charges for the following:

	2022 RMB'000	2021 RMB'000
Review of interim results	1,601	1,706
Tax advisory and compliance (service rendered by other member firm(s))	831	619
Risk management and Internal control review (service rendered by other member firm(s))	600	600
Treasury management advisory (service rendered by other member firm(s))	2,880	–
Other non-audit services	399	–
Total	6,311	2,925

Reappointment of Incumbent Auditor

Audit Committee is responsible for evaluating the incumbent auditor for reappointment where appropriate. The committee would not recommend reappointment by default.

To discharge the duties of independent oversight of the external auditor effectively, Audit Committee would evaluate the quality of the audit of the incumbent auditor on an ongoing basis by observing and interacting with the auditor during the past audit engagements.

Audit Committee meets with the auditor regularly to discuss matters relating to financial reporting and other related issues of the Group. Through the meetings, the committee assesses the ongoing performance of the auditor against the quality commitment it made and the subsequent reappointments.

Audit Committee underwent an annual assessment of the Company's incumbent auditor reappointment for the purpose of recommendation to the Board. The following factors have been taken into account by the committee:

- audit effectiveness – handling of key audit issues;
- audit effectiveness – timely completion of audit work;
- relationship between the auditor and management of the Group;
- interaction with Audit Committee; and
- other considerations.

Based on the assessment results, Audit Committee recommended the reappointment of KPMG to the Board, and the Board would propose a resolution of reappointment of the Company's incumbent auditor at the forthcoming AGM.

Corporate Governance Report

(D) Risk Management and Internal Control

Goals and Objectives

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to Risk Management Committee. Risk Management Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Enterprise Risk Management Framework

Enterprise risk management is a culture, competency and practice in the execution of corporate strategy to create, maintain and enhance the value and performance of the organisation. With reference to the globally recognised framework of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), in conjunction with our development strategy, business operations, and corporate culture, the Group has developed its own enterprise risk management framework. The main features of the risk management and internal control systems and the process used to identify, evaluate and manage significant risks under the enterprise risk management framework are discussed below.



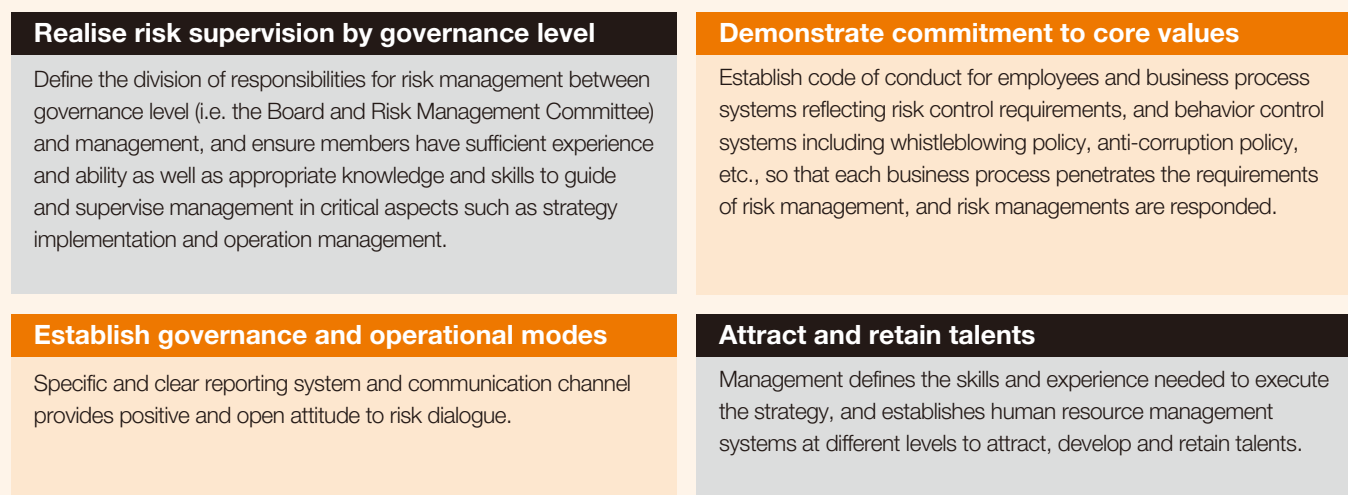
Risk Strategy and Culture

The Board is responsible for determining the nature and extent of risks that it is willing to take in achieving the Group's strategic objectives. By strengthening the risk identification in complex environments and the dynamic tracking and adjustment of strategic objectives, reasonable assurance is provided to the Group in achieving its goals.

Management has established a risk control mode applicable to the Group as the center of strategic decision-making. Each brand and business unit decodes its strategic objectives and measures based on the Group's corporate strategy of "single-focus, multi-brand, and globalisation" and finally implements the strategies.



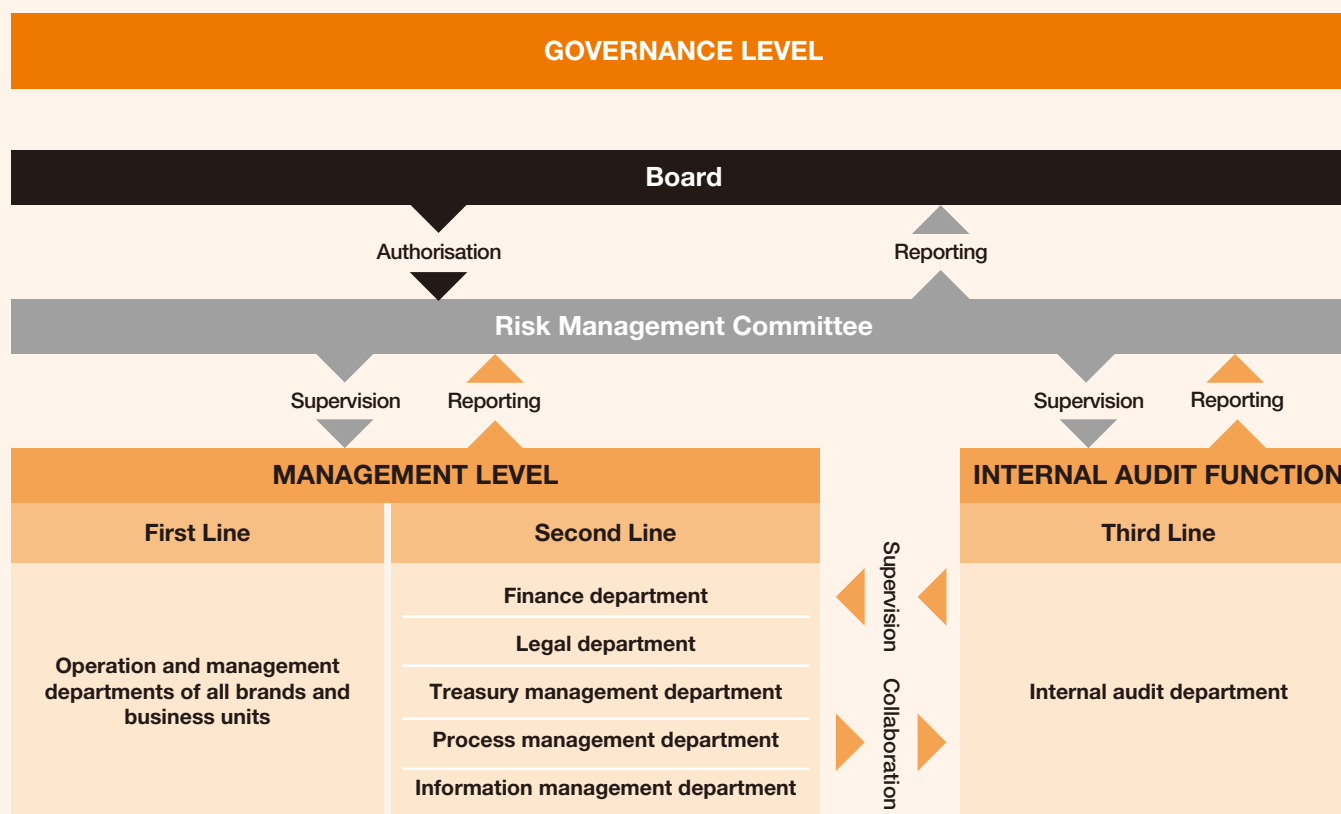
Risk culture reflects the Group's understanding of values, codes of conduct and risks. Management has established a risk governance culture that matches the Group's corporate strategy, including the following aspects:



Corporate Governance Report

Risk Governance

The Group has established a clear organisational structure for risk governance and defined risk management responsibilities at all levels. Through risk-based decision making and resource allocation, management takes actions (including risk management) to ensure the implementation of risk management and internal control systems and promote sustainable development of our businesses.



The major responsibilities of each level are summarised below:

GOVERNANCE LEVEL

Board

- determining the Group's business strategy and objectives, and evaluating and determining the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives;
- ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- overseeing management in the design, implementation and monitoring of risk management and internal control systems.

Risk Management Committee

- assisting the Board in carrying out its responsibilities of risk management and internal control;
- overseeing the Group's risk management and internal control systems on an ongoing basis;
- reviewing the effectiveness of the Group's risk management and internal control systems at least once a year, and such review should cover all material controls including financial, operational and compliance control;

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit function; and
- considering major findings on risk management and internal control matters, and reporting and making recommendations to the Board.

MANAGEMENT LEVEL

First Line — Operation and management departments of all brands and business units

First Line contains operation and management departments of all brands and business units, which take direct and primary responsibility for risk management within the scope of their responsibilities. The departments carry out daily risk control works according to internal requirements, conduct regular self-inspection and report risk events to Second Line departments, to support and cooperate with those departments in risk monitoring and evaluation.

- designing, implementing and maintaining appropriate and effective risk management and internal control systems within the scope of their responsibilities;
- identifying, assessing and managing risks that may potentially impact major processes of operations within the scope of their responsibilities;
- Monitoring risks and taking measures to mitigate the risk impact in daily operational; and
- giving prompt responses to, and following up the findings on risk management and internal control matters raised by the internal audit department or the external risk management and internal control review adviser.

Second Line — Various functional departments led by finance department

Second Line, led by financial department, collaborating with legal department, treasury management department, process management department, information management department, and other functional departments, focuses on risk control in relevant professional aspects, provides support to First Line based on the actual operating conditions of the Group, organises, coordinates, and supervises the risk management work of each department.

- designing, implementing and maintaining appropriate and effective risk management and internal control systems at higher level, including establishment and management of internal systems and processes;
- identifying, assessing and managing risks that may potentially impact major processes of operations at higher level, and assisting First Line departments to take mitigation measures;
- developing risk management standards and risk management tools;
- supervising and promoting effective risk management of operating activities; and
- establishing and promoting risk culture of the group.

INTERNAL AUDIT FUNCTION

Third Line — Internal Audit Department

The internal audit department is independent of management and responsible to the governance level (Risk Management Committee). It supervises and evaluates the risk management system, control procedures and activities of various risks and their effects, provides independent and objective confirmation and recommendations for the adequacy and effectiveness of risk management, and promotes and facilitates the continuous improvements of the risk management and internal control systems.

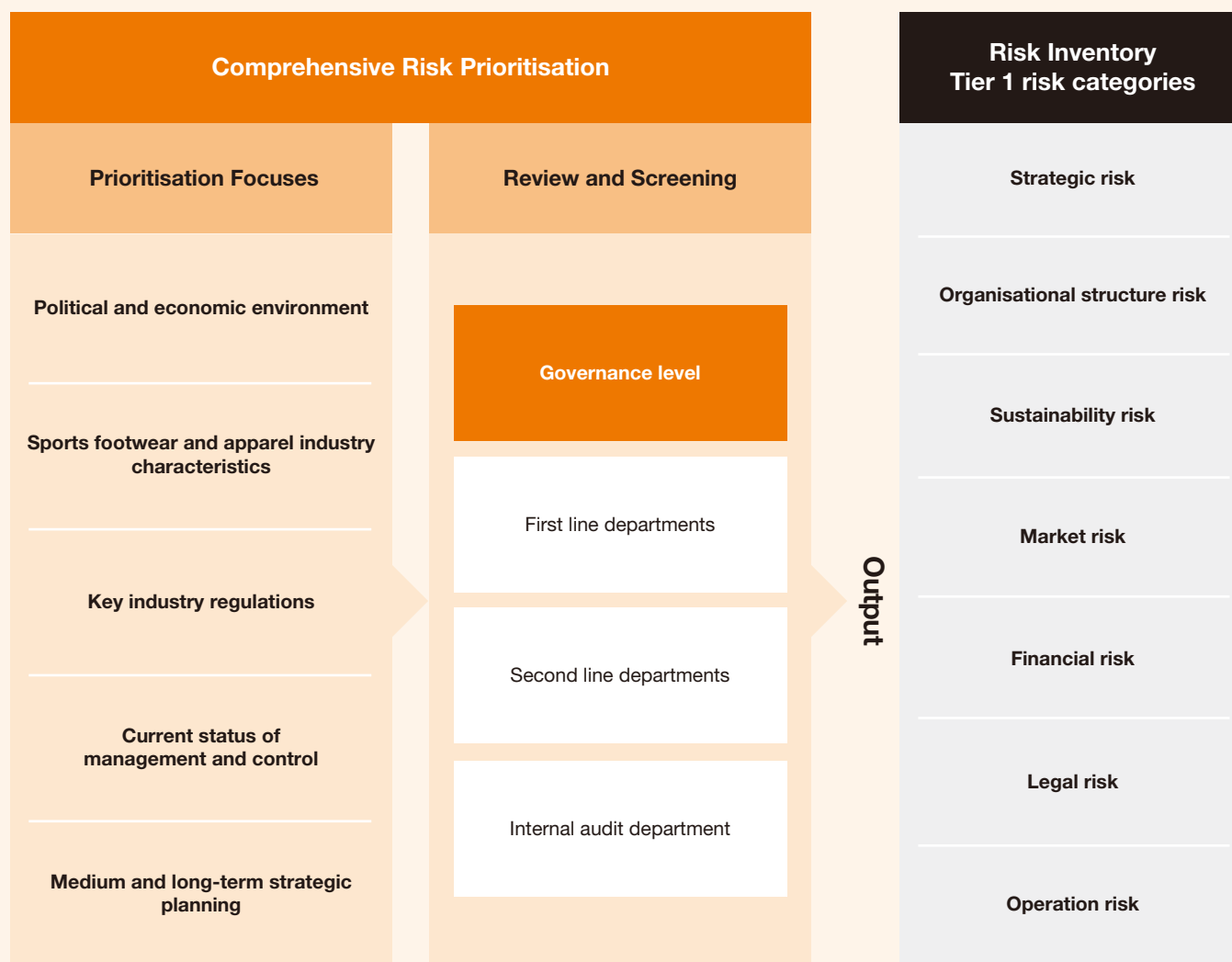
- reviewing the adequacy and effectiveness of the Group's risk management and internal control systems; and
- reporting to the Risk Management Committee the findings of the review and making recommendations to improve any material system deficiencies or control weaknesses identified.

Corporate Governance Report

Risk Identification

Management fully identified the risks that may have potential impact on the business and operations, and then governance level, first line departments, second line departments and the internal audit department reviewed and screened those risks. Focusing on the Group's long-term strategic objectives and actual business conditions, management built a comprehensive risk inventory for further risk assessment and core risks screening.

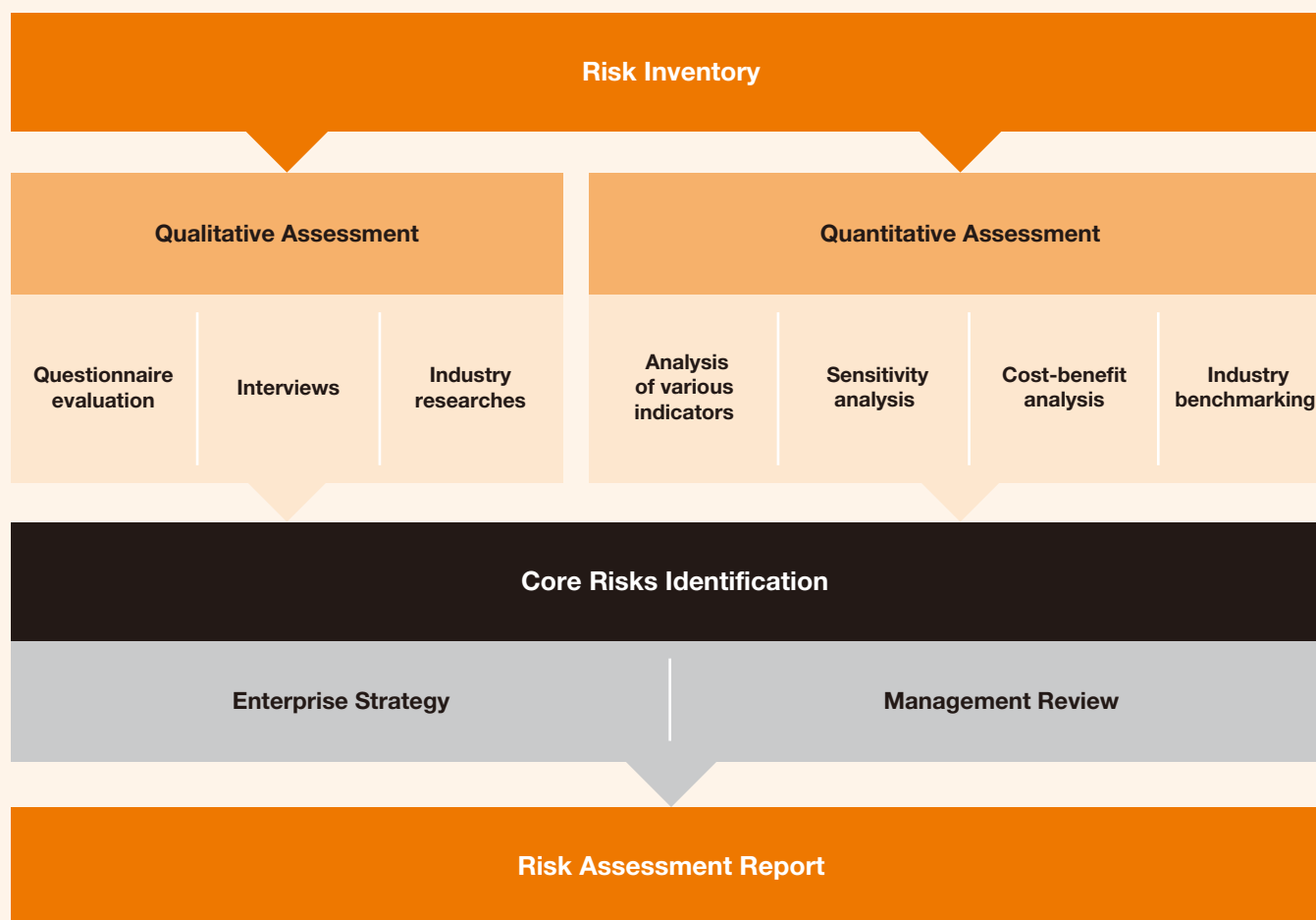
Risk Identification Methodology



Risk Assessment

Management has established risk assessment methods and standards, and conducts a comprehensive risk assessment at least once a year. Considering the business impact and the occurrence possibility of risks, management assessed the risk inventory identified and focused on medium and high level risks, followed by dynamic analysis on major risks and effective measures. Specific studies would be carried out when necessary for root cause analysis on specific risks. Management devotes resources to risk response, mitigation and avoidance. Finally a risk assessment report is formulated and submitted to Risk Management Committee for review.

Risk Assessment Methodology



Corporate Governance Report

Risk Control and Response

Based on the risk assessment results, management assessed the risk response and prioritised the mitigation. Considering the prioritisation assessment and balancing the benefits and costs of risk management, management determined risk management measures and internal control procedures to prevent, avoid or reduce risks.

Major risks for the financial year

Risk category	Risk topic	Description	Countermeasures
Strategic risk	Economic environment risk	The sportswear industry is vulnerable to volatile economic cycles. In the past, the downturn in the domestic and international economies weakened the retail market environment and forced consumers to spend less, which led the traditional sportswear industry to be generally weaker with lower sales. If volatile economic cycle persists and leads to continued sluggish consumer demand, it would have an adverse impact on the Group's operations.	- The Group conducts researches, in line with China's various economic and industrial policies and based on current business conditions, to reasonably determine appropriate development objectives and strategies, coping with volatile economic cycles from a high level perspective; - Management adopts "dynamic management" approach by adjusting its strategies, plans and various business targets from time to time based on external environment in response to unexpected negative factors; - The Group promotes a "consumer-centric" corporate culture, gains insights into changes in consumer needs, and provides personalised products that fully integrate consumers' sports life, in order to enhance consumer's satisfaction.
Strategic risk	Globalisation risk	- When expanding overseas, enterprises should comply with the laws and regulations, technical standards, and other policies of the import and export countries; and any breach may cause an adverse impact on the Group's operations. - There are significant differences among countries in terms of population, culture, religion and consumer habits. In the process of global expansion, the Group may be hindered by its failure to obtain sufficient and accurate understanding on the local cultural characteristics.	- The Group strictly abides by applicable regulations and standards for consumer goods such as footwear and apparel, including labelling, chemical, and physical requirements of the import and export countries, in order to ensure legal compliance of all products; - The Group will obtain sufficient and accurate understanding through conducting researches on the culture and characteristics of new local markets, and build a team comprising local talents and headquarters talents which could complement and learn from each other, supporting the globalisation strategy on the basis of full integration of the team.

Risk category	Risk topic	Description	Countermeasures
Strategic risk	Technical environment risk	The rapid development of technologies, materials, and craftsmanship is having a significant impact on product technique upgrade, supply chain management and sales model for sportswear. It would result in an adverse impact on the operations if the Group fails to adapt with the uncertainties arising from technical progress, product innovation and other relevant factors.	- The Group adopts an open innovation model, whereby it develops new technologies and craftsmanship through its own laboratories or through joint scientific research projects conducted with various universities, research institutes, and strategic suppliers; - The Group continuously identifies and analyses key technology trends in the industry to design forward-looking products that meet consumer needs. - The Group leverages new craftsmanship and technologies after taking comprehensive assessments, in order to reduce production costs and to improve production efficiency and quality;
Strategic risk	Distribution channel risk	In the omni-channel era, consumers and enterprises will have different touchpoints. "Channel" is no longer a concept that refers merely to retail stores. It also covers various social media, application scenarios, and after-sales services that can offer different consumer experiences. If the Group fails to fulfil consumer needs and determine the functions of different channels appropriately, it would have an adverse impact on the operations.	- The Group performs detailed analysis on macro-environmental factors such as social developments, demographic trends, policy changes, and scientific and technological developments in channel strategy planning; - The Group dives into the details about consumer experience at each touchpoint/channel, and considers and reflects the above factors in subsequent channel settings in order to enhance the consumer experience; - The Group reviews the positioning, purpose, and value of different channels from time to time, and through unified planning, coordinates the operations and benefits of different channels to maximise the effectiveness of omni-channel.

Corporate Governance Report

Risk category	Risk topic	Description	Countermeasures
Market risk	Risk of changes in consumer structure and consumption behaviour	In terms of current consumption trend, 90s-95s become major consumer groups; the potential of female market is being unleashed; the demand for outdoor sports products is growing rapidly; and changes in the consumer structure and consumption behaviour are having a significant impact on enterprises. If the Group fails to fully consider changes in market demand and adjust its marketing layout in a timely manner, it would have an adverse impact on the operations.	The Group has established a consumer management team and mechanism to continuously understand consumer needs, and empower the business development of the branding, marketing, product departments, enabling the Group to fulfil consumer needs in all aspects.
Market risk	Competition risk	Increasingly tensed competition in the domestic sportswear industry could be reflected by the expanding scale and continuous concentration of the industry, and the rapid expansion of international clothing brands across China. The nature of this competition has shifted from a focus on quantity and price to new attributes such as state-of-the-art technology and value-added products. Although the Group has maintained our leading position in the China sportswear market, the Group acknowledges that further intensified market competition may impact future revenue and profitability to a certain degree.	- The Group has established a strategy management team at headquarters level to dynamically analyse industry competition and provide strategy support for various brands and business units; - The Group has formulated an innovation strategy, and its brands will further invest in various business areas, build various technology and supporting platforms, and provide high value-added products and high-quality services and experiences to the markets and consumers, enabling the Group to maintain its leading position and competitive advantages in terms of branding, products and retailing, etc..

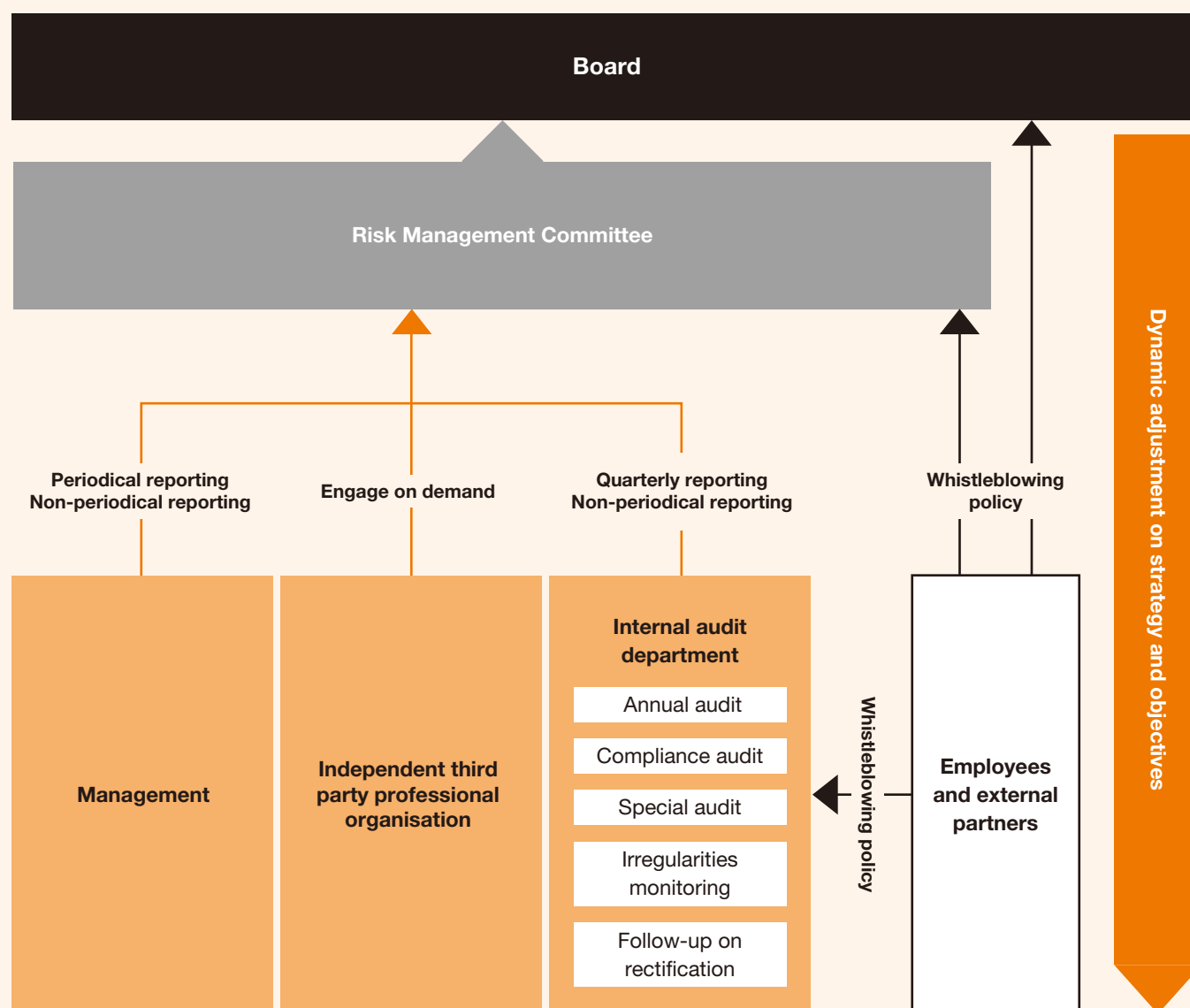
Risk category	Risk topic	Description	Countermeasures
Operational risk	Consumer experience enhancement risk	The market has entered the era of experience economy, and personalisation of consumer needs and diversification of retail scenarios make consumer experience a key factor on brands and products selection, consumer experience enhancement is conducive to better strengthening brand loyalty. If the Group fails to deliver an all-rounded consumer experience through various touchpoints, it would have an adverse impact on brand development.	- The Group recognises “consumer-oriented” values and establishes a “consumer-centric” corporate culture; - The Group has established a consumer management team and mechanism to understand consumer needs, analyse and integrate the consumer big data obtained from its business processes, so as to empower business development; - The Group’s high-end brands focus on consumer experience enhancement projects, strive to strengthen their connections with consumers through brand activities, store decorations, sales processes, after-sales services and other aspects, strengthening the brand salience.
Operational risk	Product innovation and R&D risks	The Group focuses on the branded sportswear business and consumers have certain level of demand on product function and style. Consumer preference for fabrics and clothing styles change at a rapid pace and our product development ability to adapt to these preferences would affect the sales performance of our products.	- The Group recognises the vision of becoming a world leader in terms of “technological innovation”; - The Group continuously increases its investments in R&D, expands the product development team of various brands, establishes various overseas design centres, and attracts outstanding talents in related fields. Meanwhile, the Group provides appropriate regular trainings to the teams, so as to continuously improve the team’s awareness and capability in product innovation and R&D; - The Group updates its design and development processes for innovative products in a timely manner, to accelerate and enhance the launch of innovative products and cater to changes in consumer preferences.

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Risk Monitoring and Reporting

The Group conducts risk control to achieve its strategic objectives. In the course of business, governance level and all departments continuously monitor the implementation of strategies, and regularly oversee the related risk development and assess the Group's risk-bearing ability. In case of significant development, timely reporting would be made and risk management policies and internal control procedures would be updated.

Under the organisational structure of risk governance, the Group has established a good communication and feedback channel in which all departments and staff could report the risk monitoring results to the Board and Risk Management Committee, ensuring appropriate internal control procedures are in place. In particular, Risk Management Committee, on behalf of the Board, reviews the effectiveness of the Group's risk management and internal control systems annually, and follows up the mitigation of risks identifies in previous years.



Internal Audit Function

The Group's internal audit function is performed by our internal audit department. The department plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to Risk Management Committee on a regular basis.

The internal audit department conducts audit on material controls, compliance with policies and procedures of the Group at both operational and corporate levels. Plans and tools for corrective actions and control improvements would be identified and communicated with operations management to address any issues, non-compliance or deficiencies identified. The department further monitors the implementation of its recommendations by the operations management and reports the outcome to Risk Management Committee. The internal audit department is also responsible for substantial contract review to identify risk behind and provide recommendation to the operation management.

The internal audit department attends regular Risk Management Committee meetings and reports their work. Significant findings (including any findings of substantial contract review and non-compliance or irregularity matters) can be reported directly and freely to Risk Management Committee. Risk Management Committee ensures sufficient resource (including annual budget and staffing) are allocated to the internal audit department for effective fulfilment of work objectives and responsibilities, and provides all necessary support.

During the financial year, the internal audit department completed various audit plans approved by Risk Management Committee in advance and reported quarterly to Risk Management Committee on the results, for which the working performance was unanimously recognised, such that the Group could be further improved in terms of compliance, internal control, risk response and management.

Risk Management Committee has conducted a review of the internal audit function of the Group for the financial year, and considered the internal audit function was effective.

Annual Review of Effectiveness of Risk Management and Internal Control Systems

The Board and Risk Management Committee oversee the Group's risk management and internal control systems on an ongoing basis, and conduct annual review of the effectiveness of the Group's risk management and internal control systems. The annual review covers all material controls, including financial, operational and compliance controls for the financial year.

Risk Management Committee conducted the annual review of effectiveness of risk management and internal control systems for the financial year and has considered the following:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and internal control systems;
- the work of the internal audit function;
- the extent, frequency and effectiveness of communication of monitoring results to the Board (or Board Committees);
- the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group's internal audit function;
- significant control failures or weaknesses that have been identified during the financial year (if any);

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- in respect of any failures or weaknesses identified, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for Listing Rules compliance.

Risk Management Committee (on behalf of the Board) has received a confirmation from management on the effectiveness of risk management and internal control systems for the financial year.

The Group also engaged KPMG Advisory (China) Limited as its risk management and internal control review adviser to assist the review of the effectiveness of the risk management and internal control systems for the financial year. The scope of review was determined and approved by Risk Management Committee. KPMG Advisory (China) Limited has reported major findings and areas for improvement to Risk Management Committee. All recommendations from KPMG Advisory (China) Limited would be properly followed up by the Group to ensure that they would be implemented within a reasonable period of time.

Based on the effectiveness confirmation provided by the management, the regular reports of the internal audit department and the assessment report of KPMG Advisory (China) Limited, Risk Management Committee considered: (i) the Group was able to respond to the significant risks identified and any changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and internal control systems were appropriate for the financial year; (iii) internal audit function for the financial year was effective with satisfactory performance and quality; (iv) the resource, staff qualification and experience, training programmes and budget of those relating to Group's internal audit function for the financial year were adequate; (v) there were no significant control failures or weaknesses identified during the financial year; and (vi) the Group's processes for Listing Rules compliance for the financial year were appropriate and effective; and therefore concluded that the risk management and internal control systems of the Group for the financial year were effective and adequate.

Whistleblowing Policy

The Group is committed to achieving and maintaining the high probity standards and ethical business practices and encouraging reporting of concerns of actual or suspected misconduct or malpractice by any employees and/or external parties in any matter related to the Group. The Company has adopted a whistleblowing policy to create a system for the employees and other persons or entities who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with Risk Management Committee (designated by the Board with relevant authorities) about possible improprieties relating to the Group. The identity of the whistleblower would be treated with the strictest confidence.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to maintain internal corporate justice;
- to encourage employees and other persons or entities dealing with the Group to raise concerns about possible improprieties relating to the Group and to provide them with confidential reporting channels for such purposes; and
- to enable the Company to detect and deter or remedy a misconduct or malpractice in the Group before serious damage is caused.

The whistleblowing policy is applicable to all employees of the Group at all levels and to other persons or entities who deal with the Group (e.g. customers and suppliers). Whistleblowers may choose to report a misconduct to the designated ethics officers (being the Chairman and the chairman of Risk Management Committee) or the Group's internal audit department.

When making a report, although the whistleblower may be unable to provide conclusive proof or evidence, the report of misconduct made under the whistleblowing policy shall include full disclosure of any relevant or material information to the extent possible.

The Company is committed to exerting its best effort to keep all reports by whistleblower confidential and privileged to the fullest extent permitted by law, and handle the reports in a timely manner. Any person making a genuine and appropriate report in good faith under the policy will be assured of fair treatment, and should not be subject to any unwarranted disciplinary action or unfair dismissal as a result of making such report. The Company strictly prohibits any retaliation and will make the best effort to take reasonable measures in order to protect whistleblowers from retaliation. Persons who victimise or retaliate against those who have genuinely raised concerns in good faith under the policy will be subject to disciplinary actions, and the identity of such person may be disclosed to internal or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permitted by law.

Should circumstances arise in which the Company is required to disclose the whistleblower's identity, the Company will, to the extent permitted by law, endeavour to inform the whistleblower that his identity is likely to be disclosed, and the Company will endeavour to protect the reasonable interest of the whistleblower.

All reports must be made in good faith. Persons making a report on any misconduct under the whistleblowing policy should exercise due care in ensuring accuracy of the information they report to the ethics officers or the internal audit department.

The Group reserves the right to take appropriate actions against any person who knowingly or irresponsibly makes false allegations or malicious allegations, including but not limited to disclosing the identity of such person to internal or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permissible by law. The Group also reserves its right to take any actions against such person to recover any loss or damages resulted from the false report. Employees who make a false report may be subject to disciplinary actions, including dismissal, where appropriate.

Risk Management Committee would regularly review the implementation and effectiveness of the whistleblowing policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

During the financial year, Risk Management Committee has conducted the review of the implementation and effectiveness of the whistleblowing policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Anti-corruption Policy

The Company is committed to pursuing ethical and anti-corruption business practices with a high standard of integrity and zero tolerance to corruption. To this end, the Company has adopted an anti-corruption policy to complement all applicable anti-corruption laws and regulations and to achieve the Company's desired anti-corruption culture.

The Group (including any Directors and employees) should comply with the relevant anti-corruption laws and regulations in the PRC (including the Supervision Law of the PRC), Hong Kong SAR and other countries or regions as applicable. The Group prohibits all forms of political contributions that contravene the legal requirements of the countries or regions as applicable. The Group strictly prohibits charitable donations from being used for bribery or corruption, and ensures that charitable donations and sponsorships are compliant, legal and ethical.

The anti-corruption policy is applicable to all Directors (including the Independent Non-Executive Directors), all employees of the Group at all levels, external parties having business dealings with the Group (including suppliers, services providers, business partners, etc.) and persons acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, consultants and contractors of the Group).

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Directors and employees of the Group shall uphold at all times the Group's core value of integrity, honesty, fairness, impartiality and ethical business practices.

Directors and employees of the Group should not accept any advantage from any person, company or organisation having business dealings with the Group, whether or not any undue favour is involved. They may only accept (but not solicit) an advantage when such advantage is offered on a voluntary basis and such advantage is disclosed to and approved by the Group. If a Director or an employee is unsure as to whether the acceptance of an advantage could (i) affect the proper discharge of his duties or (ii) place such Director or employee under an obligation to act against the Group's interests, he should always decline to accept the advantage.

Directors and employees of the Group shall avoid any conflict of interest or potential conflict of interest with the Group, and should declare any conflict of interest or potential conflict of interest as appropriate.

Directors and employees of the Group shall not give any advantage to any person, company or organisation having business dealings with the Group for inappropriate advantage or any other illegitimate purpose.

Directors and employees of the Group shall not, in their personal capacity or acting in an agency or fiduciary capacity on behalf of the Group, provide any form of facilitation payments to any individual or entity.

Any breach of the anti-corruption policy should be reported to the Company through reporting channels under the whistleblowing policy of the Company, whether it is known who may be responsible for the breach or how it may have occurred. The Company takes reports of corruption seriously, and may conduct investigations pursuant to the whistleblowing policy of the Company if necessary. Material incidents relating to breaches of the anti-corruption policy shall be brought to the attention of the Board by Risk Management Committee.

Risk Management Committee would regularly review the implementation and effectiveness of the anti-corruption policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

During the financial year, Risk Management Committee has conducted the review of the implementation and effectiveness of the anti-corruption policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

For the review of our anti-corruption performance for the financial year, please refer to the Company's *Environmental, Social and Governance Report 2022*.

Inside Information Management Policy

With respect to inside information (as defined under the SFO), the Company has adopted an inside information management policy in accordance with Part XIVA of the SFO, the Listing Rules, the *Guidelines on Disclosure of Inside Information* promulgated by the Securities and Futures Commission of Hong Kong in June 2012 and other relevant laws and regulations and based on the actual situation of the Company, in order to strengthen the management of the Company's information disclosure and ensure an orderly market as well as the truthfulness, accuracy, completeness and timeliness of information disclosure of the Company, to protect the legitimate rights and interests of the Company, its shareholders, creditors and other stakeholders.

The Company complies with the following fundamental principles for information disclosure:

- Principle of truthfulness:
The matters summarised in the information disclosed shall be consistent with the facts;
- Principle of accuracy:
The contents of the information disclosed shall be consistent with the facts and shall be presented in a clear and balanced way, which requires equal disclosure of both positive and negative facts;
- Principle of completeness:
The information disclosed shall not be misleading and contain any omissions;
- Principle of timeliness:
Information shall be disclosed within the time specified by the relevant laws and regulations;
- Principle of fairness:
Holders of the Company's securities shall be treated fairly and equally, and the Directors shall act in the interests of all the Shareholders. Inside information that has not been publicly available shall be kept strictly confidential, and shall be disclosed to the public at the time of announcement in the manner required by the relevant laws and regulations.

In accordance with the inside information management policy, except for the relevant personnel who are responsible for information disclosure according to the laws, all other personnel of the Group shall have the absolute duty to keep inside information (prior to the publication of the relevant announcement by the Company on the Hong Kong Stock Exchange) and the relevant Board meetings content and documents confidential. Directors, senior management and other persons of the Group are not allowed to disclose any inside information to the public without authorisation of the Board.

The Company would, as soon as reasonably practical after any inside information has come to its knowledge, disclose the information to the public, unless such information falls within any of the "Safe Harbours" as provided in the SFO.

When the Board is aware that it is difficult to keep undisclosed inside information confidential or it has already been leaked, or that there have been unusual fluctuations in the price or trading volume of the Company's securities, the Company would immediately contact the Hong Kong Stock Exchange and make disclosure of such inside information (either by a full announcement or a temporary announcement). In such case, the Company would make an application to suspend trading in securities until publication of announcement.

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The Company would disclose inside information to the market as a whole through the publication-submission system of the Hong Kong Stock Exchange so that all market players have equal and simultaneous access to the same information. The Company may disclose inside information in the form of both an announcement and a press release (but not simply in the form of a press release), provided that the contents of both are consistent and that the press release does not contain inside information that is not covered in the announcement.

The Board would regularly review the implementation and effectiveness of the inside information management policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

During the financial year, the Board has conducted the review of the implementation and effectiveness the inside information management policy, and concluded that the policy was implemented effectively.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

(E) Sustainability and ESG Related Matters

The Company appreciates the great importance of sustainability. By adhering to improving internal sustainability governance, and strengthening the management and control of corporate development's impact on the environment and society, the Company strive to continue to create value for our stakeholders. The Company established a top-down ESG governance structure to promote the Group's overall sustainability efforts from governance level. The Board has overall responsibility for the Company's ESG strategy and reporting, and oversees the overall ESG governance of the Company. The Board has established Sustainability Committee and has delegated its responsibilities (with relevant authorities) of sustainability and ESG related matters. The committee is responsible for assisting the Board to (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure. Sustainability Committee would identify the proper order of priority as to ESG issues to drive the Company's ESG governance efforts.

Sustainability Vision, Core Values and Strategies

Sustainability Committee has formulated the Group's initial sustainability vision, core values and strategies. The details are as follows:

Sustainability Vision

To become a world-leading sustainable benchmarking enterprise

Sustainability Core Values

Mutualism with Consumers, Mutualism with Employees, Mutualism with Partners, Mutualism with the Society, Mutualism with the Environment

Sustainability Strategies

Mutualism with Consumers

- Establish a define and solid consumer ESG mindset, enabling consumers to realize circular consumption.

Mutualism with Employees

- Adhere to the three core cultural propositions – “Consumer-oriented, Benchmarking with High Standard, Leaders as Role Model” – and continue to maintain our industry-leading employment standards and work environment;
- Establish an industry-leading, efficient and attractive compensation system and invest more in the long-term employee incentive scheme;
- Step up the cultivation of young talents and attract young talents to work in the Company;
- Provide employees with a broad career platform and improve the multi-tiered structure of global talent pool;
- Increase the proportion of female executives (director level and above);
- Offer employment opportunities to the disabled and the underprivileged.

Mutualism with Partners

- Empower suppliers and improve supplier governance capabilities;
- Enhance supply chain transparency;
- Optimize the supplier management policies and system.

Mutualism with the Society

- One poverty alleviation project, One poverty alleviation project, One China sports development project, One sports education project, One ecological protection project

Mutualism with the Environment

- One overall goal: to achieve carbon neutrality by 2050;
- Three “Zero” by 2030: to achieve net zero carbon emissions in self-owned operating facilities, zero use of virgin plastic in self-owned operating facilities, and zero-landfill of self-generated production waste;
- Five “50%” by 2030: to increase the proportion of sustainable products to 50%, apply 50% sustainable raw materials, replace 50% of strategic partners’ energy consumption with renewable energy, replace 50% of fuel used for transportation in our self-owned operating facilities with clean fuels, and use sustainable packaging for 50% of products.

Annual Review of Sustainability and ESG Matters

Sustainability Committee conducted an annual review of the Group’s sustainability and ESG matters for the financial year and considered the following:

- the adequacy of resource, staff qualification and experience, training programmes and budget of those relating to Group’s ESG performance and reporting;
- the changes, since the last annual review, in the nature and extent of significant ESG risks (if any); and
- the scope and quality of management’s ongoing monitoring of ESG risks.

Corporate Governance Report

Sustainability Committee concluded that: (i) the resource, staff qualification and experience, training programmes and budget of those relating to Group's ESG performance and reporting for the financial year were adequate; (ii) there were no significant ESG risks identified during the financial year; and (iii) the scope and quality of management's ongoing monitoring of ESG risks were appropriate for the financial year.

For further details of the Group's sustainability and ESG matters, please refer to the Company's *Environmental, Social and Governance Report 2022*.

(F) Shareholders' Rights, Communications with Shareholders and Investor Relations

Shareholders Information

The Company analyses its shareholding structure on a regular basis, including a review of the register of institutional and retail investors, to keep track of changes in shareholdings by type of investors. A shareholding register analysis conducted as at 31 December 2022 revealed the shareholding structure as follows:

Shareholders by Domicile

	% of Total Issued Shares
Hong Kong SAR	61.0
Mainland China	10.2
North America	9.9
United Kingdom	4.2
Europe (ex-United Kingdom)	2.0
Singapore	1.7
Rest of the World	11.0
Total	100.0

The public float capitalisation at 31 December 2022 was RMB104,645 million, representing 42.05% of the market capitalisation of the Company.

Shareholders' Rights

Enquiries to the Board

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

General Meetings

General meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. An extraordinary general meeting may be convened for approval of a matter as required under the articles of association of the Company, the Listing Rules or other relevant rules and regulations.

For each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. “Bundling” resolutions would be avoided unless they are interdependent and linked forming one significant proposal. Where the resolutions are “bundled”, the Company will explain the reasons and material implications in the notice of meeting.

In respect of any AGM, the Chairman would attend the AGM and also invite the chairmen of the Board Committees to attend. In their absence, another member of the committee or failing this his duly appointed delegate will be invited to attend the AGM. These persons will be available to answer questions at the AGM. The chairman of the independent director committee (if any) would also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders’ approval. The Company’s management would ensure the external auditor attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor independence.

General meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. In accordance with the articles of association of the Company, notice of AGM would be distributed to all Shareholders no less than twenty-one clear days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The notice of all other general meetings would be sent no less than fourteen clear days prior to the meeting. The chairman of a general meeting would exercise his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll.

The procedures for demanding and conducting a poll would be explained and questions from Shareholders on voting by poll would be answered at the meeting. Voting results would be posted on the websites of the Company and Hong Kong Stock Exchange on the day of the general meeting.

The 2022 AGM was held at ANTA Operations Center, No. 99, Jiayi Road, Guanyinshan, Xiamen, Fujian Province, China on 11 May 2022. Certain measures were taken to prevent and control the Pandemic, including:

- compulsory body temperature checks and health declarations;
- compulsory wearing of surgical face masks at the AGM venue and throughout the AGM; and
- designated seat will be assigned for every attendee at the AGM venue; and
- no distribution of corporate gift and no serving of refreshment, food and beverage.

In the interest of all stakeholders’ health, the Company reminded all Shareholders that physical attendance in person at the AGM was not necessary for the purpose of exercising voting rights. As an alternative, by using form of proxy with voting instructions inserted, Shareholders might appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

Corporate Governance Report

All of the Directors (except Ms. Xia Lian who was appointed with effect from 1 July 2022) attended the 2022 AGM to gain and develop a balanced understanding of the views of the Shareholders. The attendance record of the Directors at the AGM is set out below:

	AGM
<i>Executive Directors</i>	
Mr. Ding Shizhong	1/1
Mr. Ding Shijia	1/1
Mr. Lai Shixian	1/1
Mr. Wu Yonghua	1/1
Mr. Zheng Jie	1/1
Mr. Bi Mingwei	1/1
<i>Non-Executive Director</i>	
Mr. Wang Wenmo (resignation with effect from 1 July 2022)	1/1
<i>Independent Non-Executive Directors</i>	
Mr. Dai Zhongchuan (resignation with effect from 1 July 2022)	1/1
Mr. Yiu Kin Wah Stephen	1/1
Mr. Lai Hin Wing Henry Stephen	1/1
Ms. Wang Jiaqian	1/1

The matters proposed to be passed by ordinary resolutions of the Company at the 2022 AGM were, including but not limited to, as follows:

- approval of audited consolidated financial statements of the Company for the year ended 31 December 2021;
- declaration of a final dividend of HK68 cents per ordinary shares of the Company in respect of the year ended 31 December 2021;
- re-election and re-appointment of Mr. Ding Shizhong, Mr. Lai Shixian, Mr. Wu Yonghua and Mr. Dai Zhongchuan as Directors;
- re-appointment of KPMG as the Company's auditor;
- approval of Issue Mandate, Repurchase Mandate and Extension Mandate (as defined in the circular of the Company dated 31 March 2022); and
- approval of the proposed amendments to the then memorandum of association and articles of association of the Company and proposed adoption of the new set of amended and restated memorandum and articles of association of the Company.

At the AGM, all resolutions were voted by way of poll. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong SAR branch share registrar and transfer office, acted as the scrutineer for the vote-taking at the AGM. For ordinary resolutions, more than 50% of the votes were cast in favour of each of the resolutions, the resolutions were duly passed as ordinary resolutions of the Company; for special resolution, more than 75% of the votes were cast in favour of the special resolution of the adoption of the new set of amended and restated memorandum and articles of association of the Company, the resolution was duly passed as a special resolution of the Company. The Company announced the results of the poll on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules on the same date.

No other general meeting was held during the financial year.

Convening Extraordinary General Meeting(s) and Putting Forward Proposals at General Meetings

Shareholders holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the company secretary to convene an extraordinary general meeting and to add resolutions to the meeting agenda of such meeting pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting and the resolutions proposed, and must be signed by the relevant Shareholders and deposited at the Hong Kong SAR principal office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR. The requisition may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the extraordinary general meeting.

Such extraordinary general meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene an extraordinary general meeting in form of a physical meeting, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board would be reimbursed to the requisitionists by the Company.

Procedure for Shareholders to Propose a Person for Election as Director

Pursuant to article 85 of the Company's articles of association, if a Shareholder wishes to propose a person (other than a retiring Director or a person recommended by the Board) for election as a Director at a general meeting and such Shareholder (other than the person to be proposed) is duly qualified to attend and vote at such general meeting, such Shareholder (other than the person to be proposed), should lodge a written notice signed by him to articulate his intention to propose such person for election and a written notice signed by the person to be proposed of his willingness to be elected at the Hong Kong SAR principal office of the Company, which is presently situated at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR, or at the Company's Hong Kong SAR branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong SAR. The notices should be given within the period commencing on the day after despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting and such period shall be at least seven days.

Constitutional Documents

During the financial year, the Board proposed to amend the then memorandum and articles of association of the Company and to adopt a new set of amended and restated memorandum and articles of association of the Company in order to, among other things, (i) bring the memorandum and articles of association of the Company in line with the relevant requirement of the applicable laws of the Cayman Islands and the Listing Rules; (ii) allow the Company to hold electronic and hybrid general meetings; and (iii) make some other housekeeping improvements. A special resolution of the Shareholders was passed at the AGM on 11 May 2022 to approve the amendments to the then memorandum and articles of association of the Company and the adoption of the new set of amended and restated memorandum and articles of association of the Company with effect from the same date.

For the summary of the major changes brought by and the details of the amendments to the then memorandum and articles of association of the Company, please refer to the announcement of the Company dated 22 March 2022 and the AGM circular of the Company dated 31 March 2022.

The new set of amended and restated memorandum and articles of association of the Company was published on the Company's website (ir.anta.com) and the HKEXnews websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Corporate Governance Report

Dividend Policy

The Company has adopted a dividend policy to enable the Shareholders to participate in the Company's profit and allow the Company to retain adequate reserves for future growth. Through a sustainable dividend policy, the Board endeavours to strike a balance between meeting Shareholders' expectations and maintaining prudent capital management. Under the policy, if the Group records positive net profits and subject to the maintenance of the Group's normal operations, the Company may declare and pay dividends to the Shareholders.

In proposing any dividend pay-out, the Company would consider various factors including:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirement and investment demand, and future expansion plans and prospects;
- general economic and financial conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- any other factors that the Board deem appropriate.

The dividend policy and the declaration and/or payment of future dividends under the policy are subject to the Board's continuing determination that the dividend policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all applicable laws and regulations. Any declaration and payment of dividends shall be approved and paid in accordance with all applicable laws and regulations, and the memorandum and articles of association of the Company (as amended from time to time). Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board. There is no assurance that dividends will be paid in any particular amount for any given period. The dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board would regularly review the implementation and effectiveness of the dividend policy to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Shareholders' Communication Policy

The Board has adopted a shareholders' communication policy which aims to set out the communication framework and channels available to the Shareholders and other stakeholders of the Company with the objective of ensuring that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and business plans, material business developments and corporate governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Board maintains an on-going dialogue with Shareholders and the investment community. Information is communicated to Shareholders and the investment community mainly through the following channels: Company's financial reports (interim and annual reports), ESG reports, annual general meetings and other general meetings that may be convened, publication of its announcements, corporate communication documents and other corporate publications on the Company's investor relations website and the website of the Hong Kong Stock Exchange. The head of investor relations department of the Company has access to the Board and at all times ensures effective and timely dissemination of information to Shareholders and the investment community to solicit and understand their views.

The Company also recognises the importance of safeguarding Shareholders' privacy and would not disclose Shareholders' information without their consent, unless required by the relevant laws and regulations.

The Company has also followed the communication methodologies under the shareholders' communication policy as follows:

Shareholders' Enquiries

- Shareholders may direct their questions about their shareholdings to the Company's share registrars;
- Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available; and
- Shareholders and the investment community are provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communications

- corporate communication documents (including but not limited to annual report, interim report, ESG report, notice of meeting, circular and proxy form) would be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communication documents (in hard copy or through electronic means); and
- Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Website and Webcasts

- information on the Company's investor relations website (ir.anta.com) would be updated on a regular and timely basis;
- information released by the Company on the website of Hong Kong Stock Exchange would also be posted on the Company's investor relations website as soon as possible thereafter. Such information includes, but is not limited to, financial statements, results announcements, ESG reports, Shareholder circulars, notices of general meetings and related explanatory documents;

Corporate Governance Report

- presentation materials provided in conjunction with the Company's annual and interim results announcement and other investor relations activities would be made available on the Company's investor relations website as soon as practicable after their release;
- investor relations related press releases issued by the Company would be made available on the Company's investor relations website as soon as practicable after their releases; and
- replay of webcasts of the Company's annual and interim results briefings would be made available on the Company's investor relations website as soon as practicable after the event.

Shareholders' Meetings

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;
- the process of the Company's general meeting would be monitored and reviewed on a regular basis, and, if necessary, changes would be made to ensure that Shareholders' needs are best served; and
- Board members, in particular, the chairmen of Board Committees or their delegates and external auditor would, where appropriate, attend AGMs to answer Shareholders' questions.

Investment Market Communications

- investor/analyst briefings and group/one-on-one meetings, investor conferences, non-deal roadshows (both domestic and international), media interviews, investor days, marketing activities and specialist industry forums would be available when and if appropriate, in order to facilitate communication between the Company, Shareholders and the investment community; and
- The Company's directors and employees who have contacts or dialogues with investors, analysts, media or other external parties are required to comply with the disclosure obligations and requirements under the Company's information disclosure policy.

The Board would annually review the implementation and effectiveness of the shareholders' communication policy to ensure that the policy remains relevant to the Company's needs and reflects both the current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

Based on the Company's shareholders engagement works carried out during the financial year (details of which are set out in the part headed "Investor Relations" of this section), the Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy, and concluded that the policy was implemented effectively during the financial year.

For further details of the policy, please refer to the full text of the policy which is published on the Company's website (ir.anta.com).

Investor Relations

The Company believes that it is essential to maintain effective communication with the investment community in a timely manner through various media. The Company's investor relations department attaches importance to the provision of relevant public information to investors and analysts to enable them to make appropriate valuation of the Company's shares or any securities issued by the Group. Through investor/analyst briefings, group/one-on-one meetings, investor conferences, non-deal roadshows and other events, institutional investors and analysts can interact with the Chairman and other senior executives for updates on the development of the Group's strategic initiatives and operations.

During the financial year, the following investor relations activities were conducted for the institutional investors and analysts in Mainland China, Hong Kong SAR and overseas countries:

- investor/analyst briefings;
- group/one-on-one meetings;
- investor conferences;
- non-deal roadshows; and
- store visits.

During the financial year, over 300 investor relations activities were conducted. As affected by the Pandemic, most of the investor relations activities were conducted via webcast/teleconferencing/videoconferencing. Investment community views are communicated regularly to the Board, including rating and target price of the Shares and summaries of questions and feedback from investors and analysts. During the financial year, investors' major areas of interest included:

- the Group's operational updates and risk management strategies and the joint venture's recent performance under the volatility as a result of the Pandemic;
- the Group's and the joint venture's development strategies;
- latest developments regarding the DTC model for ANTA brand; and
- latest developments regarding online business of all the brands.

For share information, important shareholders' dates in the coming financial year and investor relation contact, please refer to the section entitled "Investors Information" in this annual report.

By order of the Board



Ding Shizhong

Chairman

Hong Kong SAR, 21 March 2023

Directors, Company Secretary and Senior Management

Executive Directors

Mr. Ding Shizhong (丁世忠), aged 52, is the Board Chairman and an Executive Director of the Company. He plays a core leadership role in the Group's corporate strategy, talent build-up, corporate culture and operational supervision, and directly oversees the Group's internal audit and supervision functions as well as mergers and acquisitions initiatives. He is the co-founder of the Group and has dedicated to expanding and promoting the Group's business and to developing China's sporting goods industry. In 2014 and 2018, he was awarded the title of Outstanding Contributor to the Building of Socialism with Chinese Characteristics, 2014 Chinese Business Leaders Annual Award, Top 40 Most Influential Entrepreneurs of Fujian in 40 years of the Chinese Economic Reform and 2018 China Top Ten Economic Person of the Year. He is currently a vice chairman of All-China Federation of Industry and Commerce, a vice chairman of China Sporting Goods Federation, a board member of Samaranch Foundation, an advisor of the Chinese Basketball Association and a member of the Chinese Olympic Committee. Mr. Ding is the younger brother of Mr. Ding Shijia and the brother-in-law of Mr. Lai Shixian, both being the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company.

Mr. Ding Shijia (丁世家), aged 58, is the Board Deputy Chairman and an Executive Director of the Company. He oversees the Group's manufacturing operation. He is the co-founder of the Group and has over 30 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Mr. Ding is the elder brother of Mr. Ding Shizhong and the brother-in-law of Mr. Lai Shixian, both being the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company.

Mr. Lai Shixian (賴世賢), aged 48, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions including human resources, legal, investor relations and administration. He joined the Group in March 2003 and has over 20 years of experience in administrative and financial management. Mr. Lai holds an EMBA degree from China Europe International Business School. He is currently a vice president of Fujian Federation of Industry and Commerce (General Chamber of Commerce) and a vice chairman of Quanzhou City of Industry and Commerce (General Chamber of Commerce). Mr. Lai is the brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia, both being the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234), a company listed on the Hong Kong Stock Exchange.

Mr. Wu Yonghua (吳永華), aged 52, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of FILA brand, the Group's international businesses and a number of the Group's functions including retail channel management and public relations. He joined the Group in October 2003 and has over 20 years of experience in sales and marketing in China.

Mr. Zheng Jie (鄭捷), aged 54, is an Executive Director of the Company. He is the chief executive officer of Amer Sports and is primarily responsible for Amer Sports related business. He joined the Group in October 2008 and has over 20 years of experience in the field of marketing management, including over 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Fudan University in Shanghai. He is a past chair and a current vice chair of the World Federation of The Sporting Goods Industry (WFSGI).

Mr. Bi Mingwei (畢明偉), aged 50, is an Executive Director and the CFO of the Company. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management. He joined the Group in May 2007 and has over 20 years of experience in financial management and the sportswear industry. Mr. Bi holds a bachelor's degree of accounting from the University of International Business and Economics in China and is a non-practicing member of the Chinese Institute of Certified Public Accountants.

Independent Non-Executive Directors

Mr. Yiu Kin Wah Stephen *JP* (姚建華), aged 62, is an Independent Non-Executive Director of the Company and joined the Board in June 2018. He received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University of Warwick in the United Kingdom. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently the chairman and a non-executive director of the Insurance Authority, a member of the Exchange Fund Advisory Committee, a member of the Independent Commission Against Corruption Complaints Committee, and the treasurer and a council member of The Hong Kong University of Science and Technology, and a director of Hong Kong Academy of Finance. Mr. Yiu is an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388) and China Mobile Limited (stock code: 941), both of which are listed on the Hong Kong Stock Exchange. Mr. Yiu joined the global accounting firm KPMG in Hong Kong in 1983 and was seconded to KPMG London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the partner in charge of audit of KPMG from 2007 to 2010, and served as the chairman and chief executive officer of KPMG China and Hong Kong as well as a member of the executive committee and the board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu formerly also served as a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants.

Mr. Lai Hin Wing Henry Stephen (賴顯榮), aged 66, is an Independent Non-Executive Director of the Company and joined the Board in November 2020. He received a bachelor's degree in law from The University of Hong Kong and was admitted as a solicitor in Hong Kong SAR, England and Wales and the State of Victoria, Australia. He is currently a partner and co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong SAR, and has been practicing in the legal field for more than 40 years. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong SAR. He is currently the past chairman, and an honorary council member, fellow member and the Corporate Governance Policies Committee chairman of The Hong Kong Institute of Directors, a member of the Process Review Panel for the Securities and Futures Commission of Hong Kong and a member of the Resolution Compensation Tribunal, a member of the Consents Committee of the Law Society of Hong Kong, a member of the Association of China-Appointed Attesting Officers Limited Disciplinary Tribunal Panel and a member of the Board of Governors of The Hang Seng University of Hong Kong. Mr. Lai is a non-executive director of Winfull Group Holdings Limited (stock code: 183) and China Medical & HealthCare Group Limited (stock code: 383), and an independent non-executive director of China Resources Beer (Holdings) Company Limited (stock code: 291), which all are listed on the Hong Kong Stock Exchange.

Ms. Wang Jiaqian (王佳茜), aged 44, is an Independent Non-Executive Director of the Company and joined the Board in July 2021. She holds a bachelor's degree in English from the Nanjing University and a master's degree in finance from the Peking University in China. She is currently Director of Planning and Governance of Chanel Asia Pacific and a member of Executive Leadership Committee of Chanel Mainland China of Chanel Limited, leading strategic planning cycle and client-centric data transformation businesses. Ms. Wang was employed by Boston Consulting Group, a global management consulting firm, from September 2010 to June 2019 with her last position as Managing Director and Global Partner. She has over 15 years of experience in strategy and business consulting in retail and consumer products sector.

Ms. Xia Lian (夏蓮), aged 44, is an Independent Non-Executive Director of the Company and joined the Board in July 2022. She holds a bachelor's degree in marketing from the Peking University in China and a master's degree in executive master in change from European Institute of Business Administration (INSEAD). She is currently an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.* (遠見教育科技(深圳)有限公司) and a director of China Publishing Group Kunlun Media Co. Ltd.* (中版昆侖傳媒有限公司), and has over 20 years of experience in business administration and business consultancy. Ms. Xia was employed by Cheung Kong Graduate School of Business from April 2007 to August 2020 with her last position as an assistant dean. Ms. Xia is an independent director of Shanying International Holding Co., Ltd.* (山鷹國際控股股份公司) (stock code: 600567), a company listed on the Shanghai Stock Exchange.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Directors, Company Secretary and Senior Management

Company Secretary

Mr. Tse Kin Chung (謝建聰), aged 42, is the company secretary of the Company. He has over 15 years of experience in the field of auditing and financial management. He joined the Group in 2007 and is currently the financial controller of the Group, responsible for financial management, risk management, internal control and compliance matters. He obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University. He is also a member of the Hong Kong Institute of Certified Public Accountants.

Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above.

Only the Executive Directors, the Co-CEOs and the CFO are regarded as members of the Group's senior management.

Independent Auditor's Report



to the shareholders of ANTA Sports Products Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ANTA Sports Products Limited (“the Company”) and its subsidiaries (together “the Group”) set out on pages 139 to 212, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of inventories

Refer to note 18 to the consolidated financial statements on page 159 and the accounting policy (K) on page 195.

The key audit matter

The Group adopts direct to consumer business model for the ANTA brand for certain regions in Mainland China. Together with direct retail business model for FILA and other brands in Mainland China and other territories, a significant level of inventory is maintained to support the Group's overall operations.

Inventories are stated at cost or net realisable value, whichever is lower. In the event that net realisable value falls below cost, the difference is taken as write-down of inventories.

Management applies judgement in determining the net realisable value of inventories. Net realisable value is determined by management based upon a detailed analysis of the ageing profile of the inventories, with reference to the current marketability and latest selling prices of the respective inventories and the current retail market conditions existing at the end of the reporting period.

We identified the valuation of inventories as a key audit matter as significant management judgement is involved in determining the net realisable value of inventories.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of inventories included the following:

- performing a retrospective review by comparing the carrying values of inventories as at 31 December 2021 with sales prices achieved during the reporting period to assess the reliability of management's judgement and whether there is any indication of management bias;
- evaluating the historical accuracy of management's assessment of net realisable value of inventories by examining, on a sample basis, the sales and utilisation during the current reporting period;
- enquiring of the management about any expected changes in plans for markdowns or disposals of off-season inventories and comparing, on a sample basis, the carrying value of inventories to actual prices for sales transactions subsequent to the end of reporting period;
- evaluating the reasonableness of the percentages and other parameters adopted in the Group's policy on the net realisable value calculation by comparing the net realisable value with selling price achieved subsequent to the end of reporting period;
- assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bracket by comparing the individual items selected with the underlying records which indicated the product season of the item; and
- assessing whether the net realisable value of inventories and the subsequent write-down of inventories (if any) at the end of reporting period were calculated in a manner consistent with the Group's policy by recalculating based on percentages and other parameters adopted and considering the application of the Group's policy with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Yu Hei.

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KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

21 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 RMB'million	2021 RMB'million
Revenue	1(a)	53,651	49,328
Cost of sales		(21,333)	(18,924)
Gross profit		32,318	30,404
Other net income	2	2,128	1,266
Selling and distribution expenses		(19,629)	(17,753)
Administrative expenses		(3,587)	(2,928)
Profit from operations		11,230	10,989
Net finance income	3	97	332
Share of profit/(loss) of a joint venture	16	28	(81)
Profit before taxation	4	11,355	11,240
Taxation	5	(3,110)	(3,021)
PROFIT FOR THE YEAR		8,245	8,219
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Mainland China		741	(341)
Share of other comprehensive (loss)/income of a joint venture	16	(21)	329
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI")			
– net movement in fair value reserve (non-recycling)		(63)	22
Share of other comprehensive income of a joint venture	16	35	48
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,937	8,277
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the Company		7,590	7,720
Non-controlling interests		655	499
PROFIT FOR THE YEAR		8,245	8,219
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity shareholders of the Company		8,282	7,778
Non-controlling interests		655	499
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,937	8,277
Earnings per share	8	RMB	RMB
– Basic		2.82	2.87
– Diluted		2.76	2.81

The notes, significant accounting policies and principal subsidiaries on pages 143 to 212 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RMB'million	2021 RMB'million
Non-current assets			
Property, plant and equipment	10	3,716	2,853
Right-of-use assets	11	8,015	6,611
Construction in progress	12	1,058	926
Other non-current assets	13	544	43
Intangible assets	14	1,480	1,531
Investment in a joint venture	16	9,343	9,027
Other investments	17	1,065	722
Deferred tax assets	25(b)	1,378	1,053
Total non-current assets		26,599	22,766
Current assets			
Inventories	18	8,490	7,644
Trade receivables	19	2,978	3,296
Other current assets	19	2,822	3,618
Other investments	17	618	763
Pledged deposits	20	5	4
Fixed deposits held at banks with maturity over three months	20	10,305	6,985
Cash and cash equivalents	20	17,378	17,592
Total current assets		42,596	39,902
Total assets		69,195	62,668
Current liabilities			
Borrowings	21	12,198	1,748
Trade payables	22	2,750	3,146
Other current liabilities	22	6,145	6,930
Payable to non-controlling interests		53	39
Lease liabilities		2,867	2,237
Amounts due to related parties	31(b)	25	27
Current taxation	25(a)	2,169	1,816
Total current liabilities		26,207	15,943
Net current assets		16,389	23,959
Total assets less current liabilities		42,988	46,725
Non-current liabilities			
Borrowings	21	492	11,425
Payable to non-controlling interests		28	74
Lease liabilities		3,938	2,908
Deferred tax liabilities	25(b)	691	655
Total non-current liabilities		5,149	15,062
Total liabilities		31,356	31,005
Net assets		37,839	31,663
Equity			
Share capital	26	262	261
Reserves	27	34,138	28,662
Total equity attributable to equity shareholders of the Company		34,400	28,923
Non-controlling interests		3,439	2,740
Total liabilities and equity		69,195	62,668

The notes, significant accounting policies and principal subsidiaries on pages 143 to 212 form part of these financial statements.



Ding Shizhong
Chairman and Executive Director

Hong Kong SAR, 21 March 2023



Lai Shixian
Executive Director and Co-Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Attributable to equity shareholders of the Company			Non-controlling interests	Total equity
		Share capital	Reserves	Total		
		RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Balances as at 1 January 2021		261	23,752	24,013	1,811	25,824
Changes in equity for 2021:						
– Profit for the year		–	7,720	7,720	499	8,219
– Other comprehensive income for the year		–	58	58	–	58
Total comprehensive income for the year		–	7,778	7,778	499	8,277
Dividends approved in respect of the previous year	28(b)	–	(1,054)	(1,054)	–	(1,054)
Dividends declared in respect of the current year	28(a)	–	(2,026)	(2,026)	–	(2,026)
Equity-settled share-based payment transactions	27(f)	–	168	168	–	168
Share of other reserves of a joint venture	16	–	44	44	–	44
Capital contribution by non-controlling interests of subsidiaries		–	–	–	475	475
Dividends to non-controlling interests of subsidiaries		–	–	–	(45)	(45)
Balances as at 31 December 2021 and 1 January 2022		261	28,662	28,923	2,740	31,663
Changes in equity for 2022:						
– Profit for the year		–	7,590	7,590	655	8,245
– Other comprehensive income for the year		–	692	692	–	692
Total comprehensive income for the year		–	8,282	8,282	655	8,937
Dividends approved in respect of the previous year	28(b)	–	(1,578)	(1,578)	–	(1,578)
Dividends declared in respect of the current year	28(a)	–	(1,508)	(1,508)	–	(1,508)
Shares allotted and issued for share award scheme	24(b)	1	(1)	–	–	–
Equity-settled share-based payment transactions	27(f)	–	250	250	–	250
Share of other reserves of a joint venture	16	–	31	31	–	31
Capital contribution by non-controlling interests of subsidiaries		–	–	–	242	242
Dividends to non-controlling interests of subsidiaries		–	–	–	(198)	(198)
Balances as at 31 December 2022		262	34,138	34,400	3,439	37,839

The notes, significant accounting policies and principal subsidiaries on pages 143 to 212 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 RMB'million	2021 RMB'million
Operating activities			
Profit before taxation		11,355	11,240
Adjustments for:			
– Depreciation of property, plant and equipment	10	860	443
– Depreciation of right-of-use assets	11	3,481	2,694
– Amortisation of intangible assets	14	123	129
– Dividend income	2	(2)	(2)
– Interest expenses	3	511	443
– Interest income	3	(609)	(392)
– Net loss on disposal of property, plant and equipment	2	2	9
– Net gain on disposal of right-of-use assets	2	(29)	–
– Reversal of impairment loss of trade receivables	4(b)	(4)	(22)
– Write-down of inventories	18(b)	414	75
– Share of (profit)/loss of a joint venture	16	(28)	81
– COVID-19-related rent concessions received		(59)	(18)
– Equity-settled share-based payment transactions	4(a)	250	168
– Net foreign exchange loss/(gain)		1	(382)
Changes in working capital			
– Increase in inventories		(1,260)	(2,233)
– Decrease/(increase) in trade receivables and other current assets		1,196	(178)
– Increase in other non-current assets		(494)	–
– (Decrease)/increase in trade payables and other current liabilities		(1,038)	2,121
– (Decrease)/increase in amounts due to related parties		(2)	8
Cash generated from operations		14,668	14,184
Income tax paid		(3,046)	(2,677)
Interest received		525	354
Net cash generated from operating activities		12,147	11,861
Investing activities			
Payments for purchase of property, plant and equipment		(974)	(779)
Payments for construction in progress		(647)	(581)
Payments for purchase of intangible assets		(115)	(94)
Payments for leasehold land		–	(39)
Net payments of other investments		(206)	(1,131)
Placements of pledged deposits		(1)	(6)
Uplift of pledged deposits		–	3
Placements of fixed deposits held at banks with maturity over three months		(21,574)	(19,451)
Uplift of fixed deposits held at banks with maturity over three months		18,737	17,349
Other cash flows derived from investing activities		6	60
Net cash used in investing activities		(4,774)	(4,669)
Financing activities			
Drawdowns of new bank loans	20(b)	2,805	652
Repayments of bank loans	20(b)	(4,208)	(848)
Payments of interest expense on bank loans	20(b)	(33)	(71)
Net proceeds from issuance of medium term notes	20(b)	500	–
Payments of interest expense on medium term notes	20(b)	(40)	(40)
Payments of lease liabilities	20(b)	(3,138)	(2,637)
Dividends paid to equity shareholders of the Company	28	(3,752)	(2,411)
Capital contribution by non-controlling interests of subsidiaries		242	475
Dividends paid to non-controlling interests of subsidiaries		(198)	(45)
Other cash flows derived from financing activities		(19)	(22)
Net cash used in financing activities		(7,841)	(4,947)
Net (decrease)/increase in cash and cash equivalents		(468)	2,245
Cash and cash equivalents as at 1 January		17,592	15,323
Effect of foreign exchange rate changes		254	24
Cash and cash equivalents as at 31 December	20(a)	17,378	17,592

The notes, significant accounting policies and principal subsidiaries on pages 143 to 212 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting

(a) Revenue

The principal activities of the Group are branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods including footwear, apparel and accessories. The Group also has an investment in a joint venture, the principal activity of which is operating Amer Sports business, as detailed in note 16.

The Group's (other than the joint venture) revenue, expenses, results, assets and liabilities are predominantly attributable to a single geographical region, which is China. Therefore, no analysis by geographical regions is presented.

Revenue represents the sales value of goods sold less returns, discounts, rebates and value added tax. Disaggregation of revenue from contracts with customers by product categories is as follows:

	2022 RMB'million	2021 RMB'million
Footwear	22,471	19,139
Apparel	29,523	28,632
Accessories	1,657	1,557
	53,651	49,328

For the year ended 31 December 2022, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2021: Nil).

The Group has applied practical expedient in paragraph 121 of IFRS/HKFRS 15, *Revenue from Contracts with Customers* to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting

The chief executive officer of the Company (or the co-chief executive officers (as applicable)) and senior management team are the Group's chief operating decision-makers (the "CODMs"). The CODMs review the Group's internal reports periodically in order to assess performance and allocate resources from a brand perspective. Consistent with the way in which information is reported internally to the CODMs, the Group has presented two reportable segments of ANTA brand and FILA brand, respectively. Other than the two reportable segments, all other operating segments have been aggregated and presented as "all other brands". The segment information for the reporting period is as follows:

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2022					
Revenue					
– Revenue from external customers	27,723	21,523	4,405	–	53,651
Gross profit	14,872	14,283	3,163	–	32,318
Results	5,925	4,301	907	97	11,230
– Net finance income	–	–	–	97	97
– Share of profit of a joint venture	–	–	–	28	28
Profit before taxation	5,925	4,301	907	222	11,355
As at 31 December 2022					
Assets					
– Investment in a joint venture	–	–	–	9,343	9,343
– Other investments	–	–	–	1,683	1,683
– Deferred tax assets	–	–	–	1,378	1,378
– Other assets	26,649	11,326	4,774	14,231	56,980
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(189)	(189)
Total assets	26,649	11,326	4,774	26,446	69,195
Liabilities					
– Borrowings	–	–	–	12,690	12,690
– Current taxation	–	–	–	2,169	2,169
– Deferred tax liabilities	–	–	–	691	691
– Other liabilities	7,734	5,722	1,721	818	15,995
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(23)	–	(166)	–	(189)
Total liabilities	7,711	5,722	1,555	16,368	31,356

1. Revenue and Segment Reporting (Continued)

(b) Segment reporting (Continued)

	ANTA brand RMB'million	FILA brand RMB'million	All other brands RMB'million	Headquarters and unallocated items RMB'million	Total RMB'million
For the year ended 31 December 2021					
Revenue					
– Revenue from external customers	24,012	21,822	3,494	–	49,328
Gross profit	12,528	15,394	2,482	–	30,404
Results	5,145	5,339	644	(139)	10,989
– Net finance income	–	–	–	332	332
– Share of loss of a joint venture	–	–	–	(81)	(81)
Profit before taxation	5,145	5,339	644	112	11,240
As at 31 December 2021					
Assets					
– Investment in a joint venture	–	–	–	9,027	9,027
– Other investments	–	–	–	1,485	1,485
– Deferred tax assets	–	–	–	1,053	1,053
– Other assets	21,995	12,851	3,972	12,550	51,368
<i>Reconciliation:</i>					
– Elimination of internal borrowings	–	–	–	(265)	(265)
Total assets	21,995	12,851	3,972	23,850	62,668
Liabilities					
– Borrowings	–	–	–	13,173	13,173
– Current taxation	–	–	–	1,816	1,816
– Deferred tax liabilities	–	–	–	655	655
– Other liabilities	6,904	5,968	1,485	1,269	15,626
<i>Reconciliation:</i>					
– Elimination of internal borrowings	(26)	–	(239)	–	(265)
Total liabilities	6,878	5,968	1,246	16,913	31,005

For reconciliation purpose, “Headquarters and unallocated items” is also presented in the segment information.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2. Other Net Income

	2022 RMB'million	2021 RMB'million
Government grants ⁽ⁱ⁾	1,903	1,166
Net loss on disposal of property, plant and equipment	(2)	(9)
Net gain on disposal of right-of-use assets	29	–
Dividend income from equity investments	2	2
Others	196	107
	2,128	1,266

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

3. Net Finance Income

	2022 RMB'million	2021 RMB'million
Total interest income on financial assets measured at amortised cost	609	392
Net gain on forward foreign exchange contracts and currency option contracts	38	9
Other net foreign exchange gain	–	374
	647	775
Interest expense on lease liabilities	(303)	(205)
Total interest expense on other financial liabilities measured at amortised cost	(210)	(238)
Less: interest expenses capitalised into properties under development ⁽ⁱ⁾	2	–
Other net foreign exchange loss	(39)	–
	(550)	(443)
Net finance income	97	332

(i) The borrowing costs have been capitalised at a rate of 2.80% per annum (2021: Nil).

4. Profit Before Taxation

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

	2022 RMB'million	2021 RMB'million
(a) Staff costs⁽ⁱ⁾ & ⁽ⁱⁱ⁾:		
Salaries, wages and other benefits	6,819	5,868
Contributions to defined contribution retirement plans	1,051	632
Equity-settled share-based payment transactions (note 27(f))	250	168
	8,120	6,668
(b) Other items:		
Cost of inventories ⁽ⁱ⁾ (note 18(b))	21,333	18,924
Research and development costs ⁽ⁱ⁾ & ⁽ⁱⁱ⁾	1,279	1,116
Subcontracting charges ⁽ⁱ⁾	950	349
Depreciation ⁽ⁱ⁾		
– Property, plant and equipment (note 10)	860	443
– Right-of-use assets (note 11)	3,481	2,694
Amortisation of intangible assets (note 14)	123	129
Reversal of impairment loss of trade receivables (note 19)	(4)	(22)
Variable lease payments not included in the measurement of lease liabilities	2,689	3,023
Auditor's remuneration	12	12

(i) Cost of inventories includes research and development costs, subcontracting charges, staff costs and depreciation, total amounting to RMB3,291 million (2021: RMB2,358 million).

(ii) Research and development costs include staff costs of employees in the research and development department, of which RMB555 million (2021: RMB392 million) are included in the staff costs as disclosed above.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

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

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

	2022 RMB'million	2021 RMB'million
Current tax		
PRC Corporate Income Tax and income taxes of other tax jurisdictions	3,138	2,770
Dividends withholding tax	261	216
Deferred tax (note 25(b))		
Dividends withholding tax	(261)	(216)
Origination and reversal of other temporary differences	(28)	251
	3,110	3,021

- (i) In accordance with the relevant PRC corporate income tax laws, implementation regulations and guidance notes, certain subsidiaries in Mainland China are entitled to tax concessions whereby the profits of these subsidiaries are taxed at a preferential income tax rate. Taxation of the Group's other subsidiaries in Mainland China are calculated using the applicable income tax rates of 25%.
- (ii) Taxation for subsidiaries in other tax jurisdictions amounting to RMB3 million (2021: RMB3 million) was charged at the appropriate current rates under the relevant taxation rulings.
- (iii) According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-Mainland China corporate residents from Mainland China 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 Mainland China if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the Mainland China 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 tax authority on dividends distributed by the Group's subsidiaries in the Mainland China during the reporting period.

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

	2022 RMB'million	2021 RMB'million
Profit before taxation	11,355	11,240
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	2,847	2,711
Tax effect of non-deductible expenses	14	113
Tax effect of non-taxable income	(36)	(67)
Tax effect of unused tax losses not recognised	115	34
Withholding tax on profits retained by Mainland China subsidiaries (note 5(a)(iii))	331	315
Effect of tax concessions (note 5(a)(i))	(161)	(85)
Actual tax expense	3,110	3,021

6. Directors' Emoluments

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

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment transaction ^(Note) RMB'000	Total RMB'000
Year ended 31 December 2022						
Executive Directors						
Mr. Ding Shizhong	-	1,080	85	532	-	1,697
Mr. Ding Shijia	-	1,000	85	-	-	1,085
Mr. Lai Shixian	-	1,500	85	-	9,083	10,668
Mr. Wu Yonghua	-	2,000	85	-	-	2,085
Mr. Zheng Jie	-	11,231	133	3,600	-	14,964
Mr. Bi Mingwei ⁽ⁱ⁾	-	2,391	98	555	2,725	5,769
	-	19,202	571	4,687	11,808	36,268
Non-Executive Director						
Mr. Wang Wenmo ⁽ⁱⁱ⁾	500	-	-	-	-	500
Independent Non-Executive Directors						
Mr. Dai Zhongchuan ⁽ⁱⁱⁱ⁾	60	-	-	-	-	60
Mr. Yiu Kin Wah Stephen	1,046	-	-	-	-	1,046
Mr. Lai Hin Wing Henry Stephen	523	-	-	-	-	523
Ms. Wang Jiaqian ^(iv)	523	-	-	-	-	523
Ms. Xia Lian ^(v)	255	-	-	-	-	255
	2,407	-	-	-	-	2,407
Total	2,907	19,202	571	4,687	11,808	39,175
Year ended 31 December 2021						
Executive Directors						
Mr. Ding Shizhong	-	1,080	79	532	-	1,691
Mr. Ding Shijia	-	1,000	79	-	-	1,079
Mr. Lai Shixian	-	1,500	79	-	16,032	17,611
Mr. Wu Yonghua	-	2,000	79	-	-	2,079
Mr. Zheng Jie	-	11,026	121	3,600	-	14,747
Mr. Bi Mingwei ⁽ⁱ⁾	-	838	43	380	1,951	3,212
	-	17,444	480	4,512	17,983	40,419
Non-Executive Director						
Mr. Wang Wenmo ⁽ⁱⁱ⁾	1,000	-	-	-	-	1,000
Independent Non-Executive Directors						
Mr. Dai Zhongchuan ⁽ⁱⁱⁱ⁾	120	-	-	-	-	120
Mr. Yiu Kin Wah Stephen	1,005	-	-	-	-	1,005
Mr. Lai Hin Wing Henry Stephen	503	-	-	-	-	503
Ms. Wang Jiaqian ^(iv)	251	-	-	-	-	251
	1,879	-	-	-	-	1,879
Total	2,879	17,444	480	4,512	17,983	43,298

(i) Appointed as an executive director of the Company on 1 July 2021.

(ii) Resigned on 1 July 2022.

(iii) Resigned on 1 July 2022.

(iv) Appointed as an independent non-executive director of the Company on 1 July 2021.

(v) Appointed as an independent non-executive director of the Company on 1 July 2022.

Note: These represent the estimated value of awarded shares granted to the director(s) under the 2018 Share Award Scheme (note 24(b)). The value of these awarded shares is measured according to the Group's accounting policy (T)(ii) for share-based payment transactions.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6. Directors' Emoluments (Continued)

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

7. Individuals with Highest Emoluments

Of the 5 individuals with the highest emoluments, 2 individuals (2021: 2 individuals) are also directors of the Company whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the remaining 3 individuals (2021: 3 individuals) are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	8,508	7,575
Discretionary bonuses	2,212	1,899
Equity-settled share-based payment transactions (note 27(f))	14,330	23,373
Contributions to retirement benefit scheme	373	223
	25,423	33,070

The 3 individuals (2021: 3 individuals) are neither senior management nor director of the Company. The emoluments of the 3 individuals (2021: 3 individuals) with the highest emoluments are within the following bands:

	Number of individuals	
	2022	2021
RMB6,000,001 to RMB6,500,000	1	–
RMB7,000,001 to RMB7,500,000	1	–
RMB10,500,001 to RMB11,000,000	–	2
RMB11,500,001 to RMB12,000,000	1	–
RMB12,500,001 to RMB13,000,000	–	1

8. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the reporting period.

Profit attributable to equity shareholders of the Company

	2022 RMB'million	2021 RMB'million
Profit attributable to equity shareholders of the Company	7,590	7,720

Weighted average number of ordinary shares

	2022 '000 Shares	2021 '000 Shares
Issued ordinary shares as at 1 January	2,703,329	2,703,329
Effect of shares held under share award scheme	(19,784)	(14,321)
Effect of shares vested under share award scheme	1,257	1,326
Effect of shares allotted and issued for share award scheme	7,446	–
Weighted average number of ordinary shares as at 31 December	2,692,248	2,690,334

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

Profit attributable to equity shareholders of the Company (diluted)

	2022 RMB'million	2021 RMB'million
Profit attributable to equity shareholders of the Company	7,590	7,720
Adjustment for interest on convertible bonds, net of tax	82	87
Profit attributable to equity shareholders of the Company (diluted)	7,672	7,807

Weighted average number of ordinary shares (diluted)

	2022 '000 Shares	2021 '000 Shares
Weighted average number of ordinary shares as at 31 December	2,692,248	2,690,334
Effect of awarded shares under share award scheme	4,569	2,724
Effect of conversion of convertible bonds	84,191	82,865
Weighted average number of ordinary shares (diluted) as at 31 December	2,781,008	2,775,923

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(Expressed in Renminbi unless otherwise indicated)

9. Company-level Statement of Financial Position

	Note	2022 RMB'million	2021 RMB'million
Non-current assets			
Investments in subsidiaries	15	7,393	5,485
Total non-current assets		7,393	5,485
Current assets			
Other receivables		4	–
Amounts due from subsidiaries		12,721	12,178
Cash and cash equivalents		465	37
Total current assets		13,190	12,215
Total assets		20,583	17,700
Current liabilities			
Borrowings		1,027	40
Amounts due to subsidiaries		33	938
Other payables		–	670
Total current liabilities		1,060	1,648
Net current assets		12,130	10,567
Total assets less current liabilities		19,523	16,052
Non-current liabilities			
Borrowings		492	973
Total liabilities		1,552	2,621
Net assets		19,031	15,079
Equity			
Share capital	26	262	261
Reserves	27	18,769	14,818
Total equity		19,031	15,079
Total liabilities and equity		20,583	17,700

10. Property, Plant and Equipment

	Buildings RMB'million	Plant and machinery RMB'million	Furniture and fixtures RMB'million	Retail outlets leasehold improvements RMB'million	Motor vehicles RMB'million	Total RMB'million
Cost:						
As at 1 January 2021	2,096	456	537	378	55	3,522
Additions	30	31	95	613	8	777
Transfer from construction in progress (note 12)	265	24	60	–	4	353
Disposals	(7)	(19)	(34)	(24)	(3)	(87)
As at 31 December 2021 and 1 January 2022	2,384	492	658	967	64	4,565
Additions	63	64	109	752	5	993
Transfer from construction in progress (note 12)	651	30	50	3	2	736
Disposals	–	(18)	(10)	(76)	(3)	(107)
As at 31 December 2022	3,098	568	807	1,646	68	6,187
Accumulated depreciation:						
As at 1 January 2021	577	178	342	208	33	1,338
Charge for the year (note 4)	94	37	77	227	8	443
Written back on disposals	(2)	(15)	(29)	(21)	(2)	(69)
As at 31 December 2021 and 1 January 2022	669	200	390	414	39	1,712
Charge for the year (note 4)	121	42	98	591	8	860
Written back on disposals	–	(15)	(7)	(76)	(3)	(101)
As at 31 December 2022	790	227	481	929	44	2,471
Net book value:						
As at 31 December 2022	2,308	341	326	717	24	3,716
As at 31 December 2021	1,715	292	268	553	25	2,853

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

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11. Right-of-Use Assets

	Leasehold land RMB'million	Properties leased for own use RMB'million	Total RMB'million
Net book value:			
As at 1 January 2021	1,404	2,704	4,108
Additions	39	5,324	5,363
Depreciation charge for the year (note 4)	(31)	(2,663)	(2,694)
Disposals	–	(166)	(166)
As at 31 December 2021 and 1 January 2022	1,412	5,199	6,611
Additions	–	5,133	5,133
Depreciation charge for the year (note 4)	(31)	(3,450)	(3,481)
Disposals	–	(248)	(248)
As at 31 December 2022	1,381	6,634	8,015

Details of the maturity analysis of lease liabilities is set out in note 29(b).

(a) Leasehold land

The Group has obtained land use rights of leasehold land for properties held for own use in Mainland China.

(b) Properties leased for own use

The Group has obtained the right to use properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Total cash outflow for the leases in the reporting period was RMB5,910 million (2021: RMB5,621 million).

12. Construction in Progress

	2022 RMB'million	2021 RMB'million
As at 1 January	926	545
Additions	868	734
Transfer to property, plant and equipment (note 10)	(736)	(353)
As at 31 December	1,058	926

Construction in progress represents buildings under construction and plant and equipment pending for installation in Mainland China.

13. Other Non-current Assets

	2022 RMB'million	2021 RMB'million
Long-term rental deposits	494	–
Prepayments for acquisition of land use rights	3	3
Prepayments for acquisition of other non-current assets	47	40
	544	43

14. Intangible Assets

	Patents and trademarks RMB'million	Computer software RMB'million	Total RMB'million
Cost:			
As at 1 January 2021	1,646	306	1,952
Additions	–	81	81
As at 31 December 2021 and 1 January 2022	1,646	387	2,033
Additions	–	72	72
As at 31 December 2022	1,646	459	2,105
Accumulated amortisation:			
As at 1 January 2021	176	197	373
Charge for the year (note 4)	57	72	129
As at 31 December 2021 and 1 January 2022	233	269	502
Charge for the year (note 4)	42	81	123
As at 31 December 2022	275	350	625
Net book value:			
As at 31 December 2022	1,371	109	1,480
As at 31 December 2021	1,413	118	1,531

The amortisation charge for the year is included in administrative expenses of profit or loss.

15. Investments in Subsidiaries

The investments in subsidiaries represent cost of unlisted shares of the subsidiaries. Details of principal subsidiaries as at 31 December 2022 are shown on pages 202 to 212.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture

	2022 RMB'million	2021 RMB'million
As at 1 January	9,027	9,658
Share of profit/(loss)	28	(81)
Share of other comprehensive income	14	377
Share of other reserves	31	44
Foreign currency translation differences	243	(971)
As at 31 December	9,343	9,027

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Place of incorporation and business	Proportion of interest held	Proportion of voting rights held
Amer Sports Holding (Cayman) Limited ("AS Holding")	Cayman Islands/Worldwide	52.70%	57.70%

Amer Sports Oy ("Amer Sports") is a subsidiary owned by AS Holding and is a sporting goods company with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc. Its technically advanced sports equipment, footwear, apparel and accessories aim to improve performance and increase enjoyment of sports and outdoor activities. Amer Sports business is balanced by its broad portfolio of sports and products and presence in all major markets.

The Group accounts for AS Holding as an investment in a joint venture using the equity method in the consolidated financial statements of the Group under applicable financial reporting standards, as decisions about certain key activities of AS Holding require the consent of directors nominated by other shareholders.

AS Holding, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

16. Investment in a Joint Venture (Continued)

Summarised consolidated financial information of AS Holding, based on the latest available information to the Company and following the accounting policies adopted by the Group, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2022 RMB'million	2021 RMB'million
Non-current assets	39,470	38,526
Current assets	15,044	11,932
Current liabilities	(9,023)	(6,195)
Non-current liabilities	(27,753)	(27,132)
Non-controlling interests	(9)	–
Equity attributable to equity shareholders	17,729	17,131
Included in the above assets and liabilities:		
Cash and cash equivalents	2,976	3,702
Current financial liabilities (excluding trade and other payables and provisions)	(1,445)	(223)
Non-current financial liabilities (excluding trade and other payables and provisions)	(22,004)	(21,360)
	2022 RMB'million	2021 RMB'million
Revenue	24,026	19,720
Post-tax profit/(loss) from continuing operations	175	(126)
Post-tax loss from discontinued operations	(125)	(28)
Other comprehensive income	24	714
Total comprehensive income	74	560
Included in the above profit/(loss):		
Depreciation and amortisation	(1,311)	(1,375)
Interest income	21	11
Interest expense	(877)	(964)
Income tax expense	(358)	(193)
Reconciliation to the Group's investment in a joint venture	2022 RMB'million	2021 RMB'million
AS Holding's net assets	17,738	17,131
Less: non-controlling interest	(9)	–
AS Holding's net assets attributable to equity shareholders	17,729	17,131
Group's effective interest	52.70%	52.70%
Group's share of AS Holding's net assets attributable to equity shareholders	9,343	9,027
Carrying amount of the Group's investment	9,343	9,027

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16. Investment in a Joint Venture (Continued)

A five-year EUR1,300 million (equivalent to RMB9,615 million) term loan facility ("Facility A") is provided by independent third party bank lenders to AS Holding for the purpose of, amongst other things, (i) funding the settlement of the tender offer and the purchase of the shares of Amer Sports; and/or (ii) refinancing of any indebtedness of Amer Sports in connection with the acquisition of shares of Amer Sports. The Company has guaranteed the full and punctual performance of any and all obligations and undertakings of AS Holding to the arrangers, the lenders and the agent in connection with, and for all amounts which may become due and payable under, the aforesaid loan facilities. As at 31 December 2022, Facility A has been fully drawn by AS Holding.

17. Other Investments

	2022 RMB'million	2021 RMB'million
Current		
Financial instruments measured at amortised cost:		
– Listed debt securities	404	763
– Unlisted debt securities	214	–
	618	763
Non-current		
Equity instruments designated at FVOCI (non-recycling):		
– Unlisted equity investments ⁽ⁱ⁾	87	65
– Listed perpetual bonds (equity investment in nature) ⁽ⁱⁱ⁾	978	657
	1,065	722
Total	1,683	1,485

(i) The Group designated certain unlisted equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes. Dividends with amount of RMB2 million were received on the unlisted equity investments during the reporting period (2021: RMB2 million).

(ii) The Group designated certain listed perpetual bonds (equity investment in nature) issued by a Big 4 domestic bank at FVOCI (non-recycling), as the investments are not held for trading purposes and are intended to be held for medium to long-term.

The movements of the above unlisted equity investments are as follows:

	2022 RMB'million	2021 RMB'million
At 1 January	65	70
Additions	1	–
Total unrealised gains recognised in other comprehensive income	21	9
Disposal	–	(14)
At 31 December	87	65

18. Inventories

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

	2022 RMB'million	2021 RMB'million
Raw materials	318	339
Work in progress	378	297
Finished goods	7,794	7,008
	8,490	7,644

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

	2022 RMB'million	2021 RMB'million
Carrying amount of inventories sold	20,919	18,849
Write-down of inventories	414	75
	21,333	18,924

19. Trade Receivables and Other Current Assets

	2022 RMB'million	2021 RMB'million
Trade receivables	2,999	3,321
Less: loss allowance	(21)	(25)
	2,978	3,296
Other current assets:		
Other assets in relation to refunds (note 22)	77	96
Advance payments to suppliers	577	888
Deposits and other prepayments	1,093	1,557
VAT deductible	278	762
Interest receivables	163	73
Others	634	242
	2,822	3,618

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19. Trade Receivables and Other Current Assets (Continued)

All of the trade receivables and other receivables (net of loss allowance) 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:

	2022 RMB'million	2021 RMB'million
Current	2,975	3,278
Less than 3 months past due	16	17
Past due over 3 months	8	26
	2,999	3,321

The movement in the loss allowance account for trade receivables during the reporting period is as follows:

	2022 RMB'million	2021 RMB'million
As at 1 January	25	47
Reversal of impairment loss recognised (note 4)	(4)	(22)
As at 31 December	21	25

The Group normally grants a credit period of 30 to 90 days to its debtors. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise:

	2022 RMB'million	2021 RMB'million
Fixed deposits with banks within three months to maturity when placed	4,613	9,444
Cash at bank and in hand	5,785	2,498
Short-term investments ⁽ⁱ⁾	6,980	5,650
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	17,378	17,592
Fixed deposits with banks with more than three months to maturity when placed	10,305	6,985
Pledged deposits ⁽ⁱⁱ⁾	5	4
Total⁽ⁱⁱⁱ⁾	27,688	24,581

(i) The short-term investments comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.

(ii) As at 31 December 2022, certain bank deposits have been pledged as security for certain contracts.

(iii) As at 31 December 2022, the balances, deposits and short-term investments that were placed with banks and financial institutions in Mainland China amounted to RMB21,156 million (2021: RMB20,897 million). Remittance of funds out of Mainland China is subject to applicable laws and regulations of foreign exchange control.

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(a) Cash and cash equivalents, fixed deposits held at banks and pledged deposits comprise: (Continued)

As at the end of the reporting period, all balances, deposits and short-term investments were placed with highly reputable and sizeable banks and financial institutions without significant credit risk. The breakdown by placement banks/financial institutions is as follows:

	2022 RMB'million	2021 RMB'million
Big 4 domestic banks (and its subsidiaries)	8,283	7,862
Other reputable and sizeable domestic shareholding commercial banks (and its subsidiaries)	10,078	9,832
Reputable domestic non-bank financial institutions	6,980	5,650
Highly reputable and sizeable foreign-owned banks	2,347	1,237
	27,688	24,581

Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

The breakdown by currency is as follows:

	2022 RMB'million	2021 RMB'million
Renminbi	19,636	16,931
United States Dollars	6,157	7,416
Euro	1,626	36
Hong Kong Dollars	174	125
Singapore Dollars	53	46
Others	42	27
	27,688	24,581

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(Expressed in Renminbi unless otherwise indicated)

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2022	4,218	1,000	6,942	1,013	5,145	18,318
Changes from financing cash flows:						
Drawdown of new bank loans	2,805	-	-	-	-	2,805
Repayment of bank loans	(4,208)	-	-	-	-	(4,208)
Payments of interest expense on bank loans	(33)	-	-	-	-	(33)
Proceed from bills of exchange	-	1,500	-	-	-	1,500
Repayment of bills of exchange	-	(1,500)	-	-	-	(1,500)
Net proceeds from issuance of medium term notes	-	-	-	500	-	500
Payments of interest expense on medium term notes	-	-	-	(40)	-	(40)
Payments of lease liabilities	-	-	-	-	(3,138)	(3,138)
Total changes from financing cash flows	(1,436)	-	-	460	(3,138)	(4,114)
Other changes:						
Increase in lease liabilities from entering into new leases	-	-	-	-	4,831	4,831
Interest expenses	64	16	84	46	303	513
COVID-19-related rent concessions received	-	-	-	-	(59)	(59)
Foreign currency translation differences	113	-	186	-	-	299
Others	-	(16)	-	-	(277)	(293)
Total other changes	177	-	270	46	4,798	5,291
As at 31 December 2022	2,959	1,000	7,212	1,519	6,805	19,495

20. Cash and Cash Equivalents, Fixed Deposits held at Banks, Pledged Deposits and Other Cash Flow Information (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank loans RMB'million	Bills payable (financing in nature) RMB'million	Convertible bonds RMB'million	Medium term notes RMB'million	Lease liabilities RMB'million	Total RMB'million
As at 1 January 2021	4,801	1,000	7,610	1,013	2,519	16,943
Changes from financing cash flows:						
Drawdowns of new bank loans	652	–	–	–	–	652
Repayments of bank loans	(848)	–	–	–	–	(848)
Payments of interest expense on bank loans	(71)	–	–	–	–	(71)
Payments of interest expense on medium term notes	–	–	–	(40)	–	(40)
Proceed from bills of exchange	–	1,000	–	–	–	1,000
Repayment of bills of exchange	–	(1,000)	–	–	–	(1,000)
Payments of lease liabilities	–	–	–	–	(2,637)	(2,637)
Total changes from financing cash flows	(267)	–	–	(40)	(2,637)	(2,944)
Other changes:						
Increase in lease liabilities from entering into new leases	–	–	–	–	5,249	5,249
Interest expenses	88	23	87	40	205	443
COVID-19-related rent concessions received	–	–	–	–	(18)	(18)
Foreign currency translation differences	(404)	–	(755)	–	–	(1,159)
Others	–	(23)	–	–	(173)	(196)
Total other changes	(316)	–	(668)	40	5,263	4,319
As at 31 December 2021	4,218	1,000	6,942	1,013	5,145	18,318

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(Expressed in Renminbi unless otherwise indicated)

21. Borrowings

	Note	2022 RMB'million	2021 RMB'million
Current			
Bank loans	(a)	2,959	708
Bills payable (financing in nature)	(b)	1,000	1,000
Convertible bonds	(c)	7,212	–
Medium term notes	(d)	1,027	40
		12,198	1,748
Non-Current			
Bank loans	(a)	–	3,510
Convertible bonds	(c)	–	6,942
Medium term notes	(d)	492	973
		492	11,425
Total		12,690	13,173

(a) Bank loans

All bank loans were unsecured, denominated in Euro or United States Dollars, and measured at amortised cost.

(b) Bills payable (financing in nature)

Bills payable (financing in nature) were bills of exchange which were denominated in Renminbi, measured at amortised cost and repayable within one year.

21. Borrowings (Continued)

(c) Convertible Bonds

On 5 February 2020, the Group completed the issuance of EUR1.0 billion zero coupon convertible bonds due on 5 February 2025 and the convertible bonds are listed on the Singapore Stock Exchange.

Each convertible bonds could, at the option of the holder, be convertible on or after the date which is 41 days after 5 February 2020 up to the date falling 10 days prior to 5 February 2025 into fully paid ordinary shares with a par value of HKD0.10 each of the Company (the "Shares"). The number of Shares to be issued shall be determined by dividing the principal amount of the convertible bonds to be converted (translated into Hong Kong dollars at the pre-determined fixed rate of HKD8.6466 = EUR1.00 under the terms and conditions of the convertible bonds) by the conversion price in effect on the relevant conversion date. On 31 December 2022, assuming full conversion of the convertible bonds at the applicable conversion price of HKD101.90 per Share on that date, the convertible bonds will be convertible into 84,853,778 conversion shares.

The outstanding principal amount of the convertible bonds is repayable by the Group upon the maturity of the convertible bonds on 5 February 2025, if not previously redeemed, converted or purchased and cancelled. Pursuant to the terms and conditions of the convertible bonds, on 5 February 2023 (the "Optional Put Date"), the holder of each convertible bonds had the right at such holder's option (the "Put Option"), to require the Group to redeem all or some only of such holder's convertible bonds on the Optional Put Date at their principal amount. Accordingly, under applicable financial reporting standard, at the end of the reporting period, the convertible bonds were deemed to be due on the Optional Put Date and were classified as current in nature. The convertible bonds may be redeemed, on giving not less than 30 nor more than 60 days' notice to the bondholders, in whole but not in part, at its option of the Group, at their principal amount on the date specified in the optional redemption notice, at any time if prior to the date the relevant optional redemption notice is given, conversion rights have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in aggregate principal amount of the convertible bonds originally issued.

At initial recognition, the liability component is measured at fair value based on the principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is subsequently carried at amortised cost calculated using the effective interest method.

During the reporting period, there was no conversion nor redemption of convertible bonds.

Since the Group (via payment agent) did not receive any notice in relation to the Put Option up to the end of the notice period, none of the holders of the convertible bonds exercised the Put Option and no redemption of the convertible bonds was required under the terms and conditions of the convertible bonds. The convertible bonds would be reclassified as non-current in nature on the Optional Put Date.

(d) Medium term notes

Medium term notes were unsecured, denominated in Renminbi and measured at amortised cost.

In July 2022, the Group completed issuance of green medium term notes, with an aggregate principal amount of RMB500 million at a coupon rate 2.80% per annum. The green medium term notes will mature in three years from the issue date. The gross and net proceeds from the issue of green medium term notes were RMB500 million and approximately RMB500 million respectively.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

22. Trade Payables and Other Current Liabilities

	2022 RMB'million	2021 RMB'million
Trade payables	2,750	3,146
Other current liabilities:		
Refund liabilities ⁽ⁱ⁾	166	176
Contract liabilities ^{(ii) & (iii)}	993	959
Construction costs payables	402	256
VAT and other taxes payables	629	731
Accruals	2,384	2,402
Dividends payable to equity shareholders of the Company	–	669
Others	1,571	1,737
	6,145	6,930

(i) The Group recognises a refund liability for the consideration received or receivable of which the Group does not expect to be entitled. The Group also recognises other assets in relation to refunds, measured with reference to the former carrying amount of the products (see note 19). The costs to recover the products are not material because the product returned are usually in a saleable condition.

(ii) Revenue that was included in the contract liability balance at the beginning of the reporting period amounting to RMB791 million (2021: RMB876 million) was recognised in the reporting period.

(iii) A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

All of the trade payables 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:

	2022 RMB'million	2021 RMB'million
Within 3 months	2,707	3,131
3 months to 6 months	28	3
Over 6 months	15	12
	2,750	3,146

23. Employee Retirement Benefits

Defined contribution retirement plans

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

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

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

24. Equity-settled Share-based Payment Transactions

(a) Share option scheme

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 6 April 2017, the Company adopted a share option scheme (the “2017 Share Option Scheme”). The 2017 Share Option Scheme shall be valid and effective for a period of ten years from the adoption of the scheme on 6 April 2017.

The purpose of the 2017 Share Option Scheme is to motivate eligible persons (as defined in the 2017 Share Option Scheme) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives (as defined in the 2017 Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

No options were granted under the 2017 Share Option Scheme since the adoption of the scheme. No options were granted, exercised, lapsed or cancelled under the 2017 Share Option Scheme during the reporting period. As at 31 December 2022, there were no outstanding options under the 2017 Share Option Scheme.

(b) Share award scheme

The Company adopted a share award scheme (the “2018 Share Award Scheme”) on 19 October 2018 in which employees of the Group are entitled to participate, and shall be valid and effective for a term of ten years commencing on the adoption date. The specific objectives of the 2018 Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Pursuant to the 2018 Share Award Scheme, the professional trustee (which is independent of and not connected with the Company) appointed by the Company for the administration of the scheme could use the cash contributed by the Group to purchase from open market or subscribe (as the case may be) the shares of the Company, and hold the shares in the trust for selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the scheme.

Unless otherwise determined by the Board and specified in the grant notice, the Group and/or grantee shall achieve the performance conditions set out in the grant notice before the award shares can be vested.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24. Equity-settled Share-based Payment Transactions (Continued)

(b) Share award scheme (Continued)

The terms and conditions of the grants of awarded shares are as follows:

	Number of awarded shares '000	Vesting conditions
Awarded shares granted to a director:		
– on 5 November 2019	1,000	0.5 years to 4.5 years from the date of grant
Awarded shares granted to employees:		
– on 5 November 2019	10,170	0.5 years to 4.5 years from the date of grant
– on 2 November 2020	890	0.5 years to 4.5 years from the date of grant
– on 1 November 2021	849	0.5 years to 4.5 years from the date of grant
– on 4 April 2022	10,295	3 years to 5 years from the date of grant
– on 1 November 2022	226	0.5 years to 4.5 years from the date of grant
Total awarded shares	23,430	

The fair values per awarded share granted on 4 April 2022 and 1 November 2022 were HKD98.50 and HKD73.40 respectively, which were measured based on the market price of the Company's shares at the respective grant date. No expected dividends were incorporated into the measurement of fair value.

During the reporting period, no ordinary shares (2021: Nil) in the Company were purchased from open market by the trustee of the 2018 Share Award Scheme.

During the reporting period, for the purpose of granting awarded shares pursuant to the 2018 Share Award Scheme, 10,294,500 ordinary shares (2021: Nil) were allotted and issued at par value to the trustee of the 2018 Share Award Scheme. No new funds were raised as a result of the aforesaid allotment and issue of new shares.

During the reporting period, 1,879,816 awarded shares (2021: 1,983,416) with a total amount of RMB105 million (2021: RMB110 million) were vested, resulting in the transfer out of RMB138 million (2021: RMB140 million) from the share-based compensation reserve, with the difference of RMB33 million (2021: RMB30 million) credited to share premium account. 1,644,865 awarded shares were lapsed during the reporting period (2021: 464,584).

In December 2022, the Company entered into supplemental agreements with certain grantees to modify the vesting schedule and certain non-market performance conditions under the original grant notices. The modification of terms and conditions did not result in any incremental fair value on the relevant awarded shares.

As at 31 December 2022, the total number of awarded shares granted but not vested (subject to certain vesting conditions) under the 2018 Share Award Scheme was 14,154,899 (2021: 7,158,835).

25. Taxation in the Consolidated Statement of Financial Position

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

Current taxation in the consolidated statement of financial position represents provisions for PRC Corporate Income Tax of RMB2,162 million (2021: RMB1,811 million) and income taxes in other tax jurisdictions of RMB7 million (2021: RMB5 million).

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

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

Deferred tax arising from:	Dividend withholding tax RMB'million	Other deferred tax liabilities RMB'million	Accruals RMB'million	Other deferred tax assets RMB'million	Total RMB'million
As at 1 January 2021	492	35	(378)	(582)	(433)
Charged/(credited) to profit or loss (note 5(a))	315	29	53	(146)	251
Released upon distribution of dividends (note 5(a)(iii))	(216)	–	–	–	(216)
As at 31 December 2021 and 1 January 2022	591	64	(325)	(728)	(398)
Charged/(credited) to profit or loss (note 5(a))	331	(34)	15	(340)	(28)
Released upon distribution of dividends (note 5(a)(iii))	(261)	–	–	–	(261)
As at 31 December 2022	661	30	(310)	(1,068)	(687)

(ii) Reconciliation to the consolidated statement of financial position

	2022 RMB'million	2021 RMB'million
Amount recognised in the consolidated statement of financial position:		
– Deferred tax assets	(1,378)	(1,053)
– Deferred tax liabilities	691	655
	(687)	(398)

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25. Taxation in the Consolidated Statement of Financial Position (Continued)

(c) Deferred tax assets not recognised

As at 31 December 2022, certain subsidiaries of the Group have not recognised deferred tax assets in respect of cumulative tax losses carried forward of RMB910 million (2021: RMB704 million) of which RMB596 million (2021: RMB427 million) will expire within 5 years under the current tax legislation. These cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

As at 31 December 2022, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in Mainland China amounted to RMB12,257 million (2021: RMB9,747 million). Deferred tax liabilities of RMB613 million (2021: RMB487 million) 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 Mainland China and the Company has determined that these profits are not likely to be distributed in the foreseeable future.

26. Share Capital

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million
Authorised:			
Ordinary shares			
As at 31 December 2021 and 2022	0.10	5,000,000	500

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

	Par value HKD	Number of Shares '000	Nominal value of ordinary shares HKD'million	RMB'million
Issued and fully paid:				
As at 1 January 2021, 31 December 2021 and 1 January 2022	0.10	2,703,329	270	261
Shares allotted and issued for share award scheme (note 24(b))	0.10	10,295	1	1
As at 31 December 2022	0.10	2,713,624	271	262

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

27. Reserves

The Group

	Note	Shares held for share award scheme RMB'million Note 24(b)	Share premium RMB'million Note 27(a)	Capital reserve RMB'million Note 27(b)	Statutory reserve RMB'million Note 27(c)	Fair value reserve (non- recycling) RMB'million Note 27(d)	Exchange reserve RMB'million Note 27(e)	Share-based compensation reserve RMB'million Note 27(f)	Convertible bonds related reserve RMB'million	Share of reserves of a joint venture RMB'million	Retained profits RMB'million	Total RMB'million
Balances as at 1 January 2021		(797)	4,618	176	1,561	25	(394)	267	463	(352)	18,185	23,752
Changes in equity for 2021:												
– Profit for the year		–	–	–	–	–	–	–	–	–	7,720	7,720
– Other comprehensive income/(loss) for the year		–	–	–	–	22	(341)	–	–	377	–	58
Total comprehensive income for the year		–	–	–	–	22	(341)	–	–	377	7,720	7,778
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	–	–	–	–	(1,054)	(1,054)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	–	–	–	–	(2,026)	(2,026)
Equity-settled share-based payment transactions	27(f)	–	–	–	–	–	–	168	–	–	–	168
Vesting of awarded shares of share award scheme	24(b)	110	30	–	–	–	–	(140)	–	–	–	–
Share of other reserves of a joint venture	16	–	–	–	–	–	–	–	–	44	–	44
Appropriation to statutory reserve	27(c)	–	–	–	162	–	–	–	–	–	(162)	–
Balances as at 31 December 2021 and 1 January 2022		(687)	4,648	176	1,723	47	(735)	295	463	69	22,663	28,662
Changes in equity for 2022:												
– Profit for the year		–	–	–	–	–	–	–	–	–	7,590	7,590
– Other comprehensive income/(loss) for the year		–	–	–	–	(63)	741	–	–	14	–	692
Total comprehensive income for the year		–	–	–	–	(63)	741	–	–	14	7,590	8,282
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	–	–	–	–	(1,578)	(1,578)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	–	–	–	–	(1,508)	(1,508)
Shares allotted and issued for share award scheme	24(b)	(1)	–	–	–	–	–	–	–	–	–	(1)
Equity-settled share-based payment transactions	27(f)	–	–	–	–	–	–	250	–	–	–	250
Vesting of awarded shares of share award scheme	24(b)	105	33	–	–	–	–	(138)	–	–	–	–
Share of other reserves of a joint venture	16	–	–	–	–	–	–	–	–	31	–	31
Appropriation to statutory reserve	27(c)	–	–	–	204	–	–	–	–	–	(204)	–
Balances as at 31 December 2022		(583)	4,681	176	1,927	(16)	6	407	463	114	26,963	34,138

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

The Company

		Shares held for share award scheme	Share premium	Exchange reserve	Share-based compensation reserve	Convertible bonds related reserve	Retained profits	Total reserves
	Note	RMB'million Note 24(b)	RMB'million Note 27(a)	RMB'million Note 27(e)	RMB'million Note 27(f)	RMB'million	RMB'million	RMB'million
Balances as at 1 January 2021		(797)	4,618	(945)	267	463	5,640	9,246
Changes in equity for 2021:								
– Profit for the year		–	–	–	–	–	8,713	8,713
– Other comprehensive loss for the year		–	–	(229)	–	–	–	(229)
Total comprehensive income for the year		–	–	(229)	–	–	8,713	8,484
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	(1,054)	(1,054)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	(2,026)	(2,026)
Equity-settled share-based payment transactions	27(f)	–	–	–	168	–	–	168
Vesting of awarded shares of share award scheme	24(b)	110	30	–	(140)	–	–	–
Balances as at 31 December 2021 and 1 January 2022		(687)	4,648	(1,174)	295	463	11,273	14,818
Changes in equity for 2022:								
– Profit for the year		–	–	–	–	–	5,538	5,538
– Other comprehensive income for the year		–	–	1,250	–	–	–	1,250
Total comprehensive income for the year		–	–	1,250	–	–	5,538	6,788
Dividends approved in respect of the previous year	28(b)	–	–	–	–	–	(1,578)	(1,578)
Dividends declared in respect of the current year	28(a)	–	–	–	–	–	(1,508)	(1,508)
Shares allotted and issued for share award scheme	24(b)	(1)	–	–	–	–	–	(1)
Equity-settled share-based payment transactions	27(f)	–	–	–	250	–	–	250
Vesting of awarded shares of share award scheme	24(b)	105	33	–	(138)	–	–	–
Balances as at 31 December 2022		(583)	4,681	76	407	463	13,725	18,769

27. Reserves (Continued)

(a) Share premium and distributability of reserves

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

The aggregate amount of distributable reserves, comprising share premium and retained profits, of the Company as at 31 December 2022 was HKD20,624 million (2021: HKD17,909 million).

(b) Capital reserve

Pursuant to the reorganisation of the Group prior to the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Anta Enterprise Group Limited ("Anta Enterprise") entered into a deed of assignment with the controlling shareholders of the Company whereby advances from the controlling shareholders to ANTA Investment Limited (formerly known as Anda International Investment Limited) totalling HKD144 million (equivalent to RMB141 million) were assigned to Anta Enterprise at a consideration of HKD1.0. 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.

On 26 July 2017, the non-controlling shareholders of Full Prospect Sports Limited ("Full Prospect"), a subsidiary of the Group, requested to convert all its class B shares of Full Prospect to ordinary shares in accordance with the articles of Full Prospect. The long-term payable to non-controlling interests related to the class B shares was therefore derecognised. Such derecognition was reflected as a corresponding increase in capital reserve (amounting to RMB35 million) and non-controlling interest.

(c) Statutory reserve

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

(d) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated at FVOCI under IFRS/HKFRS 9, *Financial Instruments* that are held at the end of the reporting period.

(e) Exchange reserve

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

(f) Share-based compensation reserve

Share-based compensation reserve represents the fair value of employee services in respect of exercisable share options and awarded shares granted to certain directors of the Company and employees of the Group.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

27. Reserves (Continued)

(g) Capital management

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

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

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

28. Dividends

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

	2022 RMB'million	2021 RMB'million
Interim dividend declared and paid of HK62 cents per ordinary share (2021: HK60 cents per ordinary share)	1,508	1,357
Special interim dividend declared and paid in respect of the year ended 31 December 2021 of HK30 cents per ordinary share	–	666
Final dividend recommended after the end of the reporting period of HK72 cents per ordinary share (2021: HK68 cents per ordinary share)	1,712	1,578
	3,220	3,601

The final dividend recommended after the end of the reporting period has not been recognised as liabilities as at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year

	2022 RMB'million	2021 RMB'million
Special interim dividend in respect of the year ended 31 December 2021, approved in the previous financial year and paid during the financial year, of HK30 cents per ordinary share (2020: Nil)	666	–
Final dividend in respect of the year ended 31 December 2021, approved and paid during the financial year, of HK68 cents per ordinary share (2020: HK47 cents per ordinary share)	1,578	1,054
Total	2,244	1,054

29. Financial Risk Management and Fair Values

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from listed and unlisted debt securities measured at amortised cost, pledged deposits, bank deposits and cash and cash equivalents are limited because the counterparties are either highly reputable and sizeable banks and financial institutions or the Government of the PRC for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits are considered to be low, given all rental arrangements were entered with landlords without significant credit risk.

Except for the financial guarantee given by the Group relating to a joint venture as set out in note 16, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Normally, the Group does not obtain collateral from debtors.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. At the end of the reporting period, 5% (2021: 3%) and 9% (2021: 8%) of the total trade receivables were due from the Group's largest debtor and the five largest debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different debtor segments, the loss allowance based on past due status is not further distinguished between the Group's different debtor bases.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2022					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.31%	2,975	(9)	–	–	(9)
Less than 3 months past due	46.85%	16	(8)	–	–	(8)
Past due over 3 months	50.00%	8	(4)	–	–	(4)
		2,999	(21)	–	–	(21)

	2021					
	Expected loss rate	Gross carrying amount excluding specific debtor(s) RMB'million	Loss allowance excluding specific debtor(s) RMB'million	Gross carrying amount of specific debtor(s) RMB'million	Loss allowance of specific debtor(s) RMB'million	Total loss allowance RMB'million
Current	0.32%	3,278	(10)	–	–	(10)
Less than 3 months past due	9.39%	17	(2)	–	–	(2)
Past due over 3 months	50.00%	26	(13)	–	–	(13)
		3,321	(25)	–	–	(25)

The Group keeps assessing the expected loss rates based on the Group's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

(b) Liquidity risk

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

29. Financial Risk Management and Fair Values (Continued)

(b) Liquidity risk (Continued)

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

	Contractual undiscounted cash outflows					Carrying amount on consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
As at 31 December 2022						
Non-derivative financial liabilities:						
Bank loans	2,959	–	–	–	2,959	2,959
Bills payable (financing in nature)	1,000	–	–	–	1,000	1,000
Convertible bonds ^(Note)	7,396	–	–	–	7,396	7,212
Medium term notes	1,054	14	514	–	1,582	1,519
Trade payables	2,750	–	–	–	2,750	2,750
Other payables	5,979	–	–	–	5,979	5,979
Payable to non-controlling interests	53	28	–	–	81	81
Lease liabilities	3,105	1,869	1,890	562	7,426	6,805
Amounts due to related parties	25	–	–	–	25	25
	24,321	1,911	2,404	562	29,198	28,330
As at 31 December 2021						
Non-derivative financial liabilities:						
Bank loans	710	64	3,634	–	4,408	4,218
Bills payable (financing in nature)	1,000	–	–	–	1,000	1,000
Convertible bonds ^(Note)	–	7,205	–	–	7,205	6,942
Medium term notes	40	1,040	–	–	1,080	1,013
Trade payables	3,146	–	–	–	3,146	3,146
Other payables	6,754	–	–	–	6,754	6,754
Payable to non-controlling interests	39	48	26	–	113	113
Lease liabilities	2,401	1,496	1,403	347	5,647	5,145
Amounts due to related parties	27	–	–	–	27	27
	14,117	9,853	5,063	347	29,380	28,358

Note: As set out in note 21(c), the holder of each convertible bond had the right at such holder's option to require the Group to redeem all or some only of such holder's convertible bonds on 5 February 2023 at their principal amount. Accordingly, the contractual undiscounted cash outflow due to the redemption of the convertible bonds by the holder's put option was within 1 year at the end of the reporting period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arose primarily from floating rate bank loans. All of the bank deposits and borrowings of the Group are fixed rate instruments and are insensitive to any change in market interest rates, other than repricing risk at maturity.

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

Interest rate profile

The following table details the interest rate profile of the Group's bank loans as at the end of the reporting period:

	2022		2021	
	Effective interest rate	RMB'million	Effective interest rate	RMB'million
Fixed rate portion:				
Bank loans	0.01%–0.02%	2,959	0.47%	644
Variable rate portion:				
Bank loans		–	EURIBOR +1.75%	3,574
Total		2,959		4,218
Fixed rate portion as a percentage of total bank loans		100%		15%

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through contractual obligations, bank deposits and borrowings that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate.

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

(i) Exposure to currency risk

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

	Exposure to foreign currencies (expressed in Renminbi)							
	2022				2021			
	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million	Renminbi RMB'million	Hong Kong Dollars RMB'million	United States Dollars RMB'million	Euros RMB'million
Cash and cash equivalents	690	17	63	137	475	11	114	29
Trade receivables	-	-	11	-	2	1	6	-
Other receivables	-	7	26	-	-	7	14	7
Amount due from group companies	2,160	347	15	-	2,466	1,024	25	-
Medium term notes	(1,519)	-	-	-	(1,013)	-	-	-
Trade payables	-	-	(135)	-	-	-	(88)	(1)
Other payables	-	(5)	(273)	(1)	-	(6)	(254)	(2)
Amount due to group companies	(40)	(48)	(78)	(2)	(39)	(73)	(74)	-
Net exposure to currency risk	1,291	318	(371)	134	1,891	964	(257)	33

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

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

	Increase/ (decrease) in foreign exchange rates in %	2022 Effect on profit after taxation and retained profits RMB'million	Effect on other components of equity RMB'million	Increase/ (decrease) in foreign exchange rates in %	2021 Effect on profit after taxation and retained profits RMB'million	Effect on other components of equity RMB'million
Renminbi	5 (5)	64 (64)	(64) 64	5 (5)	95 (95)	(95) 95
Hong Kong Dollars	5 (5)	13 (13)	(10) 10	5 (5)	47 (47)	(73) 73
United States Dollars	5 (5)	(15) 15	370 (370)	5 (5)	(10) 10	401 (401)
Euros	5 (5)	7 (7)	(434) 434	5 (5)	2 (2)	(308) 308

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2021.

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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/HKFRS 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.

	Fair value measurements as at 31 December 2022 categorised into			
	Total	Level 1	Level 2	Level 3
	RMB'million	RMB'million	RMB'million	RMB'million
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	87	–	–	87
– Listed perpetual bonds	978	978	–	–

	Fair value measurements as at 31 December 2021 categorised into			
	Total	Level 1	Level 2	Level 3
	RMB'million	RMB'million	RMB'million	RMB'million
Recurring fair value measurements				
Financial assets:				
Equity instruments:				
– Unlisted equity investments	65	–	–	65
– Listed perpetual bonds	657	657	–	–

During the financial year ended 31 December 2022 and 2021, 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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29. Financial Risk Management and Fair Values (Continued)

(e) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The fair values of the unlisted equity investments are determined by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

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

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at 31 December 2022 and 2021.

30. Capital Commitments

Capital commitments outstanding as at 31 December 2022 not provided for in the financial statements were as follows:

	2022 RMB'million	2021 RMB'million
Contracted for		
– Property, plant and equipment	1,769	2,545
– Intangible assets	158	52
	1,927	2,597
Authorised but not contracted for		
– Property, plant and equipment	240	389
– Intangible assets	95	129
	335	518
	2,262	3,115

31. Material Related Party Transactions

(a) Transactions with related parties

	2022 RMB'million	2021 RMB'million
Recurring transactions		
Purchases of raw materials		
– Quanzhou Anda Packaging Co., Ltd. ("Quanzhou Anda") and other related entities	–	107
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	101	–
Service fees		
– Mr. Ding Shijia (and his associates)	–	20
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	24	–
Non-recurring transaction		
Acquisition of land use rights and factory under construction		
– Fujian Anta Investment Co., Limited	–	72

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

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

(b) Balances with related parties

	2022 RMB'million	2021 RMB'million
Amounts due to related parties		
Trade balance		
– Quanzhou Anda and other related entities	–	22
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	18	–
Other balances		
– Mr. Ding Shijia (and his associates)	–	5
– Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo (and their associates)	7	–
	25	27

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

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31. Material Related Party Transactions (Continued)

(c) Key management personnel remuneration

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

	2022 RMB'million	2021 RMB'million
Short-term employee benefits	24	23
Equity-settled share-based payment transactions	12	18
	36	41

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

32. Significant Accounting Estimates and Judgements

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant estimates and judgements used in the preparation of the financial statements. Accounting estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairments

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

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

(b) Net realisable value of inventories

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

33. Revised IFRSs/HKFRSs

The IASB and HKICPA have issued a number of amendments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group. None of these developments to IFRSs and HKFRSs that are first effective for the current accounting period of the Group have a material effect to the Group's results and financial position prepared or presented in these financial statements.

34. Non-adjusting Event after the Reporting Period

After the end of the reporting period, the board of directors of the Company recommended a final dividend of HK72 cents per share. Further details are disclosed in note 28.

35. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31 December 2022

Up to the date of issue of these financial statements, the IASB and HKICPA have issued a number of amendments and a new standard which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it is concluded that the initial adoption is unlikely to have significant impact on the consolidated financial statements.

36. Immediate and Ultimate Holding Company

The directors of the Company consider the immediate and ultimate holding company of the Company as at 31 December 2022 to be Anta International Group Holdings Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 21 March 2023.

Significant Accounting Policies

(A) Statement of Compliance

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

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

(B) Basis of Preparation

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively the "Group") and the Group's investment in a joint venture. These financial statements are presented in Renminbi (RMB), rounded to the nearest million (unless otherwise indicated). The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Equity investments (see (E))
- Derivative financial instruments (see (N))

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

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

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

(C) Subsidiaries and Non-Controlling Interests

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

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with (P).

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

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

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

Significant Accounting Policies

(D) Joint Venture

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets attributable to equity shareholders under the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets attributable to equity shareholders over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets attributable to equity shareholders and any impairment loss relating to the investment (see (J)(ii)). At the end of each reporting period, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses attributable to equity shareholders for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income attributable to equity shareholders is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see (E)).

(E) Other Investments

The Group's policies for investments in debt securities and equity investments, other than investments in subsidiaries and investment in a joint venture, are set out below.

Debt securities and equity investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

Debt securities

Debt securities held by the Group are measured at amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see (W)(iii)).

Equity investments

Equity investments are classified as measured at FVTPL unless the equity investments are not held for trading purposes and on initial recognition of the investments the Group makes an irrevocable election to designate the investments at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an equity investment, irrespective of whether measured at FVTPL or designated at FVOCI (non-recycling), are recognised in profit or loss as other income in accordance with the policy set out in (W)(iv).

(F) Property, Plant and Equipment

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

The cost of an item of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located.

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

Significant Accounting Policies

(F) Property, Plant and Equipment (Continued)

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

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

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(G) Construction in Progress

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

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

(H) Intangible Assets

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

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

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

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

(I) Leased Assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see (J)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets and measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions, affecting only payments originally due on or before 30 June 2022, which arose as a direct consequence of the Pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Significant Accounting Policies

(J) Credit Losses and Impairment of Assets

(i) Credit losses from financial assets

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost, including listed or unlisted debt securities, pledged deposits, bank deposits, cash and cash equivalents, trade receivables and other receivables. Other financial assets measured at fair value, including equity investments designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the end of the reporting period; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period.

For all other financial assets, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(J) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial assets' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with (W)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Significant Accounting Policies

(J) Credit Losses and Impairment of Assets (Continued)

(i) Credit losses from financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

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

- property, plant and equipment;
- right-of-use assets;
- intangible assets;
- construction in progress;
- investment in a joint venture; and
- investments in subsidiaries in the company-level statement of financial position.

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

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Recognition of impairment losses

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

Reversals of impairment losses

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

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

(K) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

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

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

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

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

A right to recover returned goods is recognised for the right to recover products from customers sold with a right to return products. It is measured in accordance with the policy set out in (W)(i).

(L) Contract Liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see (W)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see (M)).

(M) Trade Receivables and Other Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are initially measured at fair value, and subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see (J)(i)).

(N) Derivative Financial Instruments

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

(O) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see (AA)).

(P) Trade Payables and Other Payables

Payables are initially recognised at fair value, except for financial guarantee liabilities measured in accordance with (Q), and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Refund liability arising from right to return products is recognised in accordance with the policy set out in (W)(i).

Significant Accounting Policies

(Q) Financial Guarantee

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “other payables” at fair value, which is determined based upon the probability of default by the specified debtor extrapolated from market-based credit information and the amount of loss given default. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in (J)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(R) Convertible Bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is measured at fair value based on the future interest (if any) and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The remainder of the proceeds is allocated to the conversion option as the equity component. Transaction costs associated with the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the convertible bonds related reserve until either the bonds are converted or redeemed.

If the convertible bonds are converted, the convertible bonds related reserve, together with the carrying amount of the liability component at the time of conversion, would be transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, the corresponding reserve would be released and transferred directly to retained profits.

(S) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in (J)(i).

(T) Employee Benefits

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

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

(ii) Share-based payment transactions

The fair values of share options and awarded shares granted to employees are recognised as employee costs with corresponding increases in share-based compensation reserve within equity. The fair values are measured at grant date using the (a) in respect of share options, Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the options were granted; and (b) in respect of awarded shares, the market price of the Company's shares. Generally, service and non-market performance conditions are not taken into account when determining the fair value of share options or awarded shares. Market performance conditions are reflected within the fair value. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options or awarded shares, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options and awarded shares will vest.

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

Where there is any modification of terms and conditions which does not result in any incremental fair value on share options or awarded shares granted, or is not otherwise beneficial to the employee, the Group nevertheless continues to account for the share options or awarded shares granted as if that modification had not occurred.

(U) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Significant Accounting Policies

(U) Income Tax (Continued)

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

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

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(V) Provisions and Contingent Liabilities

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

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

(W) Revenue and other income

Revenue is recognised on a gross basis when control over a product is transferred to the customer at the amount of promised consideration to which the Group (i.e. the principal) is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts, rebates and goods returns.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised at the point in time when the control of the sporting goods is transferred to customers.

- For wholesale business, the control of the sporting goods is transferred when the sporting goods are accepted by the distributors or franchisees, which is typically when the sporting goods are shipped to the specified locations as specified in the contracts with customers. Generally, there is no significant financing component in the contract with customer nor significant variable element in the consideration. Normally a credit period of 30 to 90 days is granted to customers under respective contracts.
- For retail business, the control of the sporting goods is transferred when the sporting goods are sold to the customers in brick-and-mortar stores. Consideration is usually settled in cash, by credit cards, debit cards or through on-line payment platforms.
- For e-commerce business, the control of the sporting goods is transferred when the sporting goods are delivered to and accepted by the customers. Consideration is usually settled by credit cards, debit cards or through on-line payment platforms.

In case customers have a right to return products under certain circumstances, the Group then may not be entitled to the consideration received or receivable. Therefore, the Group reduces the revenue recognised by an estimate of the expected return and recognises a refund liability and an asset in relation to refund. Such estimates are reviewed at the end of each reporting period.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see (J)(i)).

(iii) Government grants

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

(iv) Dividends income from equity instruments

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

Dividend income from listed equity investments is recognised when the share price of the investment goes ex-dividend.

Significant Accounting Policies

(X) Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company is Hong Kong Dollars.

The financial statements are presented in RMB ("presentation currency").

(ii) Transactions and balances

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities.

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

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

(Y) Research and Development

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

(Z) Dividends

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

(AA) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(BB) Related Parties

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

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

(CC) Segment Reporting

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

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

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
Anta Enterprise Group Limited	BVI/Hong Kong SAR	USD10,000	100%	–	Investment holding
Motive Force Sports Products Limited	BVI/Hong Kong SAR	USD10,000	100%	–	Investment holding
REEDO Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
ANDES Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
Origin Force Holding Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
ANKO Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
ANKING Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
Antha Sports Products Limited	BVI/Hong Kong SAR	USD1	100%	–	Investment holding
Anllian Sports Products Limited	BVI/Hong Kong SAR	EUR700,000,001	100%	–	Investment holding
ANLLIAN Capital Limited	BVI/Hong Kong SAR	EUR1	100%	–	Investment holding
ANLLIAN Capital 2 Limited	BVI/Hong Kong SAR	EUR200,000,001	100%	–	Investment holding
ANTA Investment Limited	Hong Kong SAR	HKD1,000,000	–	100%	Investment holding
ANTA International Limited	Hong Kong SAR	HKD1	–	100%	Management services
Origin Force Investment Limited	Hong Kong SAR	HKD1	–	100%	Investment holding
Anta Sports Japan Co., Ltd. (Note (iii))	Japan	JPY50,000,000	–	100%	Product design
ANTA US Co., Ltd.	United States	–	–	100%	Product design
ANTA Sports Korea Co., Ltd (Note (iii))	Korea	KRW100,000,000	–	100%	Product design
ANTA NETHERLANDS B.V.	Netherlands	EUR700,000	–	100%	Product design
安踏體育用品集團有限公司 ANTA Sports Products Group Co., Limited (Note (i))	PRC	HKD1,130,000,000	–	100%	Manufacturing and trading of sporting goods
安踏 (中國) 有限公司 ANTA (CHINA) CO., LTD (Note (ii))	PRC	HKD600,000,000	–	100%	Manufacturing and trading of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安踏有限公司 Xiamen ANTA Company Limited (Note (ii))	PRC	RMB800,000,000	–	100%	Investment holding and trading of sporting goods
廈門安踏貿易有限公司 XIAMEN ANTA TRADING CO., LTD. (Note (ii))	PRC	HKD300,000,000	–	100%	Trading of sporting goods
寧波群鯉服飾有限公司 NINGBO QUNLI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
福建安踏物流信息科技有限公司 FUJIAN ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Note (ii))	PRC	RMB779,000,000	–	100%	Logistics services
四川安踏物流科技有限公司 SICHUAN ANTA LOGISTICS TECHNOLOGY CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Logistics services
鄭州安踏物流信息科技有限公司 ZHENGZHOU ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Logistics services
江蘇安踏物流信息科技有限公司 JIANGSU ANTA LOGISTICS INFORMATION TECHNOLOGY CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Logistics services
長汀安踏體育用品有限公司 CHANGTING ANTA SPORTS PRODUCTS CO., LTD. (Note (ii))	PRC	RMB77,262,000	–	100%	Manufacturing of sporting goods
廈門安踏體育用品有限公司 XIAMEN ANTA SPORTS GOODS CO., LTD. (Note (ii))	PRC	HKD50,000,000	–	100%	Manufacturing of sporting goods
廈門安踏實業有限公司 XIAMEN ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of sporting goods
商丘安踏鞋業有限公司 SHANGQIU ANTA SHOES CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	85%	Manufacturing of sporting goods
泉州安踏鞋材有限公司 QUANZHOU ANTA MATERIAL SUPPLY CO., LTD. (Notes (ii) and (iii))	PRC	RMB100,000,000	–	100%	Manufacturing of shoe sole

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
河南安踏鞋材有限公司 HENAN ANTA MATERIAL SUPPLY CO., LTD. (Notes (ii) and (iii))	PRC	RMB150,000,000	–	100%	Manufacturing of shoe sole
泉州市東禕達輕工發展有限公司 QUANZHOU DONGYIDA LIGHT INDUSTRY DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB53,565,023	–	100%	Manufacturing of shoe sole
泉州寰球鞋服有限公司 QUANZHOU ATHLETIC SHOES & GARMENTS CO., LTD. (Note (iii))	PRC	USD26,260,000	–	55%	Manufacturing and trading of sporting goods
廈門安踏進出口有限公司 XIAMEN ANTA IMPORT & EXPORT CO., LTD. (Note (ii))	PRC	RMB21,000,000	–	100%	Trading of sporting goods
昆明安踏體育用品有限公司 KUNMING ANTA SPORTS PRODUCTS CO., LTD. (Note (i))	PRC	RMB400,000,000	–	100%	Investment holding and trading of sporting goods
廈門安踏服飾有限公司 XIAMEN ANTA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
廈門安競服飾有限公司 XIAMEN ANJING STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	52%	Retailing of sporting goods
廈門安魯服飾有限公司 XIAMEN ANLU STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	65%	Retailing of sporting goods
廈門安速服飾有限公司 XIAMEN ANSU STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods
廈門競哈服飾有限公司 XIAMEN JINGHA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods
廈門安隴服飾有限公司 XIAMEN ANLONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	70%	Retailing of sporting goods
廈門競進服飾有限公司 XIAMEN JINGJIN STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	55%	Retailing of sporting goods
廈門翔動服飾有限公司 XIAMEN XIANGDONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門翔馳服飾有限公司 XIAMEN XIANGCHI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	51%	Retailing of sporting goods
廈門潤聯服飾有限公司 XIAMEN RUNLIAN STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	55%	Retailing of sporting goods
廈門安踏電子商務有限公司 XIAMEN ANTA E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	100%	Retailing of sporting goods
泉州群鯉電子商務有限公司 QUANZHOU QUNLI E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之業體育用品有限公司 XIAMEN ANZHIYE SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之鴻體育用品有限公司 XIAMEN ANZHONG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之運體育用品有限公司 XIAMEN ANZHIYUN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之途體育用品有限公司 XIAMEN ANZHITU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Retailing of sporting goods
廈門安之偉體育用品有限公司 XIAMEN ANZHIWEI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之品體育用品有限公司 XIAMEN ANZHIPIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之吉體育用品有限公司 XIAMEN ANZHIGI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之祥體育用品有限公司 XIAMEN ANZHIXIANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安之高體育用品有限公司 XIAMEN ANZHIGAO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之昌體育用品有限公司 XIAMEN ANZHICHANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之啟體育用品有限公司 XIAMEN ANZHIQI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之動體育用品有限公司 XIAMEN ANZHIDONG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之意體育用品有限公司 XIAMEN ANZHIYI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之財體育用品有限公司 XIAMEN ANZHICAI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB6,000,000	–	100%	Retailing of sporting goods
廈門安之喜體育用品有限公司 XIAMEN ANZHIXI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之奧體育用品有限公司 XIAMEN ANZHIAO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之廣體育用品有限公司 XIAMEN ANZHIGUANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之滬體育用品有限公司 XIAMEN ANZHihu SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之閩體育用品有限公司 XIAMEN ANZHIMIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之心體育用品有限公司 XIAMEN ANZHIXIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安之書體育用品有限公司 XIAMEN ANZHISHU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之泰體育用品有限公司 XIAMEN ANZHITAI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之錦體育用品有限公司 XIAMEN ANZHIJIN SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之強體育用品有限公司 XIAMEN ANZHIQIANG SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之博體育用品有限公司 XIAMEN ANZHIBO SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之旭體育用品有限公司 XIAMEN ANZHIXU SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之鵬體育用品有限公司 XIAMEN ANZHIPENG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之榮體育用品有限公司 XIAMEN ANZHIRONG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之友體育用品有限公司 XIAMEN ANZHIYOU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之迪體育用品有限公司 XIAMEN ANZHIDI SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之宇體育用品有限公司 XIAMEN ANZHIYU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門安之衡體育用品有限公司 XIAMEN ANZHENG SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之沐體育用品有限公司 XIAMEN ANZHIMU SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之澤體育用品有限公司 XIAMEN ANZHIZE SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
廈門安之汀體育用品有限公司 XIAMEN ANZHITING SPORTS PRODUCTS CO., LTD (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
上海安踏體育用品有限公司 SHANGHAI ANTA SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Research and development
河南安踏體育用品有限公司 HENAN ANTA SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Trading of sporting goods
福建安越體育科技有限公司 FUJIAN ANYUE SPORTS TECHNOLOGY CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Property management
上海安踏實業有限公司 SHANGHAI ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB310,000,000	–	100%	Property management
瀋陽安踏實業有限公司 SHENYANG ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	RMB40,000,000	–	100%	Property management
廈門群鯉實業有限公司 XIAMEN QUNLI INDUSTRIAL LIMITED (Note (ii))	PRC	RMB160,000,000	–	100%	Property management
上海耀盛實業發展有限公司 SHANGHAI YAOSHENG INDUSTRIAL DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB800,000,000	–	100%	Property management
成都安踏實業有限公司 CHENGDOU ANTA INDUSTRIAL CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Property management

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
蘇州安踏體育用品有限公司 SUZHOU ANTA SPORTS PRODUCTS CO., LTD. (Notes (i) and (iii))	PRC	–	–	100%	Property management
晉江安心物業管理有限公司 JINJIANG ANXIN PROPERTY MANAGEMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Property management
廈門斐越信息技術有限公司 XIAMEN FEIYUE INFORMATION TECHNOLOGY CO., LTD. (Note (i))	PRC	RMB10,000,000	–	100%	Information technology service
Avid Sports Malaysia Sdn. Bhd.	Malaysia	MYR1,000,001	–	50%	Retailing of sporting goods
Avid Sports Management Services Sdn. Bhd.	Malaysia	MYR1	–	50%	Investment holding
Avid Sports International Limited	BVI	USD9,000,000	–	50%	Investment holding
Avid Sports Limited	Hong Kong SAR	HKD1	–	50%	Investment holding and trading of sporting goods
Fila Marketing (Hong Kong) Limited	Hong Kong SAR	HKD79,800,000	–	100%	Retailing of sporting goods
FILA (MACAO) LIMITED	Macao SAR	MOP25,000	–	100%	Retailing of sporting goods
Motive Force Sports Products (Singapore) PTE. Ltd.	Singapore	SGD500,000	–	100%	Retailing of sporting goods
Motive Force E-Commerce Limited	Hong Kong SAR	HKD1,000,000	–	100%	Retailing of sporting goods
斐樂服飾有限公司 FILA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
上海斐盈壹號服飾有限公司 SHANGHAI FEIYINGYIHAO STYLE CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Retailing of sporting goods
上海群鯉服飾有限公司 SHANGHAI QUNLI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of sporting goods
寧波斐越服飾有限公司 NINGBO FEIYUE STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Trading of sporting goods

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
福建安越服飾有限公司 FUJIAN ANYUE STYLE CO., LTD. (Notes (ii) and (iii))	PRC	–	–	100%	Trading of sporting goods
昆明群鯉體育用品有限公司 KUNMING QUNLI SPORTS PRODUCTS CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Trading of sporting goods
斐尚服飾有限公司 FEISHANG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	60%	Retailing of sporting goods
斐達服飾有限公司 FEIDA STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	52%	Retailing of sporting goods
斐鴻服飾有限公司 FEIHONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,010,000	–	51%	Retailing of sporting goods
泉州斐越電子商務有限公司 QUANZHOU FEIYUE E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Retailing of sporting goods
泉州斐翔電子商務有限公司 QUANZHOU FEIXIANG E-COMMERCE CO., LTD. (Notes (ii) and (iii))	PRC	RMB1,000,000	–	100%	Retailing of sporting goods
Full Prospect Sports Limited	Cayman Islands/Hong Kong SAR	USD100	–	85%	Investment holding
Full Prospect (IP) PTE. Ltd.	Singapore/Hong Kong SAR	USD100,000	–	85%	Trademark holding
Fila China Investment Limited	Hong Kong SAR	HKD1,000,000	–	85%	Investment holding and trading of sporting goods
斐樂體育有限公司 FILA SPORTS CO., LTD. (Note (i))	PRC	RMB100,000,000	–	85%	Trading of sporting goods
上海斐樂體育發展有限公司 SHANGHAI FILA SPORTS DEVELOPMENT CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	85%	Trading of sporting goods
REEDO International Limited	BVI/Hong Kong SAR	RMB241,000,662	–	100%	Investment holding
SPRANDI Investment Limited	Hong Kong SAR	HKD1	–	100%	Investment holding
REEDO (Hong Kong) Limited	Hong Kong SAR	HKD100	–	100%	Investment holding
斯潘迪 (中國) 有限公司 SPRANDI (CHINA) CO., LTD. (Note (i))	PRC	RMB211,000,000	–	64%	Trading of sporting goods

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
廈門斯潘迪有限公司 XIAMEN SPRANDI CO., LTD. (Notes (ii) and (iii))	PRC	RMB30,000,000	–	64%	Retailing of sporting goods
Descente China Holding Limited	Cayman Islands	RMB1,012,105,000	–	54%	Investment holding
Descente China Investment Limited	Hong Kong SAR	RMB1	–	54%	Investment holding and retailing of sporting goods
Descente China IP Limited	Cayman Islands	USD100,000	–	49%	Trademark holding
迪桑特 (中國) 有限公司 Descente (China) Co., Ltd. (Note (i))	PRC	RMB100,000,000	–	54%	Trading and retailing of sporting goods
上海迪知服飾有限公司 SHANGHAI DIGI APPAREL CO., LTD. (Notes (ii) and (iii))	PRC	–	–	54%	Retailing of sporting goods
上海迪晟服飾有限公司 SHANGHAI DISHENG APPAREL CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	54%	Retailing of sporting goods
DIGI (MACAO) LIMITED	Macao SAR	MOP25,000	–	54%	Retailing of sporting goods
安啟服飾有限公司 ANQI STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB50,000,000	–	100%	Retailing of sporting goods
KOLON Sport (China) Holdings Limited	Hong Kong SAR	USD80,000,000	–	50%	Investment holding and retailing of sporting goods
KOLON Sport China (IP) PTE. Ltd.	Singapore/Hong Kong SAR	USD33,200,000	–	50%	Trademark holding
富恩施 (北京) 貿易有限公司 FNC Kolon (Beijing) Co., Ltd. (Note (i))	PRC	USD18,000,000	–	50%	Retailing of sporting goods
可隆體育 (中國) 有限公司 KOLON SPORT (CHINA) Co., Ltd. (Note (i))	PRC	RMB100,000,000	–	50%	Trading of sporting goods
上海群隆服飾有限公司 SHANGHAI QUNLONG STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB20,000,000	–	50%	Retailing of sporting goods
QUNLONG (MACAO) LIMITED	Macao SAR	MOP25,000	–	50%	Retailing of sporting goods

Principal Subsidiaries

Name of company	Place of incorporation/ operation	Paid up capital	Attributable equity interest		Principal activities
			Direct	Indirect	
SKC Group Limited	Hong Kong SAR	HKD20,286,500	–	100%	Investment holding
韻利 (上海) 商業有限公司 YUNLI (SHANGHAI) TRADING CO., LTD. (Note (i))	PRC	HKD11,000,000	–	100%	Trading of sporting goods
Kingkow Investment Limited	Hong Kong SAR	HKD1	–	100%	Investment holding
Kingkow (IP) PTE. Ltd.	Singapore/Hong Kong SAR	USD1	–	100%	Trademark holding
小笑牛 (中國) 有限公司 KINGKOW (CHINA) CO., LTD (Note (i))	PRC	RMB35,000,000	–	100%	Trading of kid's apparel goods
小笑牛服飾有限公司 KINGKOW STYLE CO., LTD. (Notes (ii) and (iii))	PRC	RMB10,000,000	–	100%	Retailing of kid's apparel goods

Notes:

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) These entities are limited liability companies established in the PRC.

(iii) The English translation of the company names is for reference only. The official names of these companies are based on the official language of their respective place of incorporation.

Glossary

AGM

The annual general meeting of the Company or any adjournment thereof

AMER SPORTS

Amer Sports Oy (Amer Sports Corporation), a sporting goods company (with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.) incorporated in the Republic of Finland, and a subsidiary owned by AS Holding

ANDA HOLDINGS

Anda Holdings International Limited

ANDA

Anda Investments Capital Limited

ANTA

ANTA brand

ANTA

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)

AS HOLDING

Amer Sports Holding (Cayman) Limited, a joint venture of the Company

AUDIT COMMITTEE

The audit committee of the Company

BOARD

The board of directors of the Company

BVI

The British Virgin Islands

CEO

The chief executive officer of the Company

CFO

The chief financial officer of the Company

CG CODE

Corporate Governance Code set out in Appendix 14 to the Listing Rules

CHAIRMAN

Chairman of the board of directors of the Company

CHINA/PRC

People's Republic of China

COC

Chinese Olympic Committee

CSD

Chinese Sports Delegation

DESCENTE

DESCENTE brand

DESCENTE STORE(S)

DESCENTE retail store(s)

DIRECTOR(S)

Director(s) of the Company

DTC

Direct to Consumer

EBITDA

Earnings before interest, taxes, depreciation and amortisation

ESG

Environmental, social and governance

EURO, EUR

Euro, the lawful currency of European Union

EXECUTIVE DIRECTOR(S)

Executive director(s) of the Company

FILA

FILA brand

FILA FUSION

The sub-brand of FILA, which offers youth's trendy clothing

FILA KIDS

FILA KIDS brand, which offers FILA products for children

FILA STORE(S)

FILA retail store(s)

GDP

Gross Domestic Product

GROUP/ANTA GROUP

The Company and its subsidiaries

HEMIN HOLDINGS

Hemin Holdings Limited

HONG KONG/ HONG KONG SAR

The Hong Kong Special Administrative Region of the PRC

HONG KONG DOLLARS, HKD

Hong Kong Dollars, the lawful currency of Hong Kong SAR

HONG KONG STOCK EXCHANGE/ HKEX

The Stock Exchange of Hong Kong Limited

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)

Independent non-executive director(s) of the Company

IP

Intellectual property

KOLON SPORT

KOLON SPORT brand

KOLON SPORT STORE(S)

KOLON SPORT retail store(s)

LISTING RULES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

MACAO/MACAO SAR

The Macao Special Administrative Region of the PRC

MAINLAND CHINA

Mainland of China, geographically excluding Hong Kong SAR, Macao SAR and Taiwan region

MSCI

Morgan Stanley Capital International Global Standard Index

NBA

National Basketball Association

NOMINATION COMMITTEE

The nomination committee of the Company

NON-EXECUTIVE DIRECTOR(S)

Non-executive director(s) of the Company

O2O MODEL

Online-to-offline commerce

PANDEMIC

2019 novel coronavirus disease (COVID-19)

R&D

Research and development

REMUNERATION COMMITTEE

The remuneration committee of the Company

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company

RMB

Renminbi, the lawful currency of the PRC

SFO

The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SHARE(S)

Ordinary share(s) of HKD0.10 each in the share capital of the Company

SHAREHOLDER(S)

Shareholder(s) of the Company

SINGAPORE

Republic of Singapore

SUSTAINABILITY COMMITTEE

The sustainability committee of the Company

US

United States of America

USD

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

YEAR

The year ended 31 December 2022

2017 SHARE OPTION SCHEME

The share option scheme adopted by the Company on 6 April 2017

2018 SHARE AWARD SCHEME

The share award scheme adopted by the Company on 19 October 2018



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ANTA SPORTS PRODUCTS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code: 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022



Mission

To integrate the sports spirit of
“Going Beyond Oneself”
into everyone’s daily life

Vision

To become a world-leading
sustainable benchmarking
enterprise

Core Values

Mutualism with Consumers
Mutualism with Employees
Mutualism with Partners
Mutualism with the Society
Mutualism with the Environment

Reporting Principles

This is the ESG Report for the year ended 31 December 2022 presented by ANTA Sports. This Report covers our ESG performance and practice across all our operations (including branding, production, design, procurement, supply chain management, wholesale and retail of branded sporting goods) in our principal places of business across China from 1 January to 31 December 2022. The Report has been prepared in accordance with Appendix 27 of the “Listing Rules” (with the application of the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”). We aim to enhance the Report’s breadth and representativeness by rigorously following these guidelines. The content of this report is determined through a systematic materiality assessment process, covering key issues related to different stakeholders. For the purpose of this Report preparation, we have engaged an independent professional consultant to thoroughly communicate with our major stakeholders and, with adequate consideration of the opinions of all parties, to identify key issues, evaluate the materiality and relevance and boundaries of the issues, and then determine the specific content of the Report. We will continue to strengthen the information collection regarding the Report to improve our reporting performance and disclosure level as to sustainability.

Data Sources and Reliability

Data and cases contained in this Report are obtained mainly from our statistical reports and other relevant documents. This Report has been reviewed by the Sustainability Committee and approved by the Board on 21 March 2023 for publication.

Company Profile

ANTA was established in 1991, while ANTA Sports Products Limited, a widely recognized global sportswear company, was listed on the Main Board of HKEx in 2007 (Stock code: 2020. HK). For many years, ANTA Sports has been principally engaging in the design, R&D, manufacturing, marketing and sales of professional sports products including shoes, apparel and accessories to Chinese consumers. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports in 2019, a global sportswear group that has internationally recognized brands including Arc’teryx, Salomon, Wilson, Peak Performance, Atomic, etc. ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets.

Reporting Boundary

The manufacturing facilities covered in this Report include ANTA (China) Co., Ltd., Quanzhou Athletic Shoes & Garments Co., Ltd., Quanzhou ANTA Material Supply Co., Ltd., Henan ANTA Material Supply Co., Ltd., Xiamen ANTA Sports Goods Co., Ltd., Xiamen ANTA Industrial Co., Ltd., Changting ANTA Sports Products Co., Ltd. and Shangqiu Anta Shoes Co., Ltd.. The logistics facility includes Fujian ANTA Logistics Information Technology Co., Ltd. The administrative facilities include the office buildings in Xiamen, Jinjiang and Shanghai. The store facilities include the ANTA stores, FILA stores, DESCENTE stores and KOLON SPORT stores under self-operation.

The ESG performance of Amer Sports is not included in this Report. Please refer to website (<https://www.amersports.com/corporate-sustainability-reports/>) for more information about the ESG performance of Amer Sports.

Report Availability and Feedback

The electronic version of the Report is available on the Company’s sustainability website.

If you have any question about or comment on this Report, please reach us through any of the following:

ANTA Sports Products Limited

Address: 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong SAR

Telephone: (852) 2116 1660

Fax: (852) 2116 1590

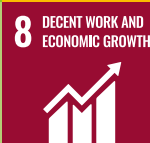
Email: esg@anta.com.hk

Sustainability website:

<https://ir.anta.com/esg/sc/index.php>

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MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

On behalf of the Board, I am pleased to present our ESG Report for the year ended 31 December 2022.

Improving Management Structure for Better Governance

The year of 2022 may be one of the most complex and volatile years in history. In the past year, consumer goods market in China has been impacted by a range of factors, including a turbulent global situation, escalating geopolitical risks, instability in international supply chains, unpredictable fluctuations of the Pandemic, more frequent and severe impacts from extreme climate, and increasingly stringent legal and regulatory requirements.

The 30th anniversary marked a new chapter of ANTA Sports, and 2022 was also a critically important year for our ESG governance. In the face of the ever-changing business environment, we have maintained our long-term strategic mindset, actively responded to the situation with a “Dynamic Management” approach, and strengthened our engagement and management of sustainability issues both at the governance level and the operation level.

We continued to improve our ESG governance structure by establishing the Sustainability Committee to ensure governance level participation in sustainability issues. We have adopted the core values of “Mutualism with Consumers, Mutualism with Partners, Mutualism with Employees, Mutualism with the Society, and Mutualism with the Environment”, and continued to explore growth opportunities related to stakeholders in areas such as product innovation, green supply chain, environmental protection and public welfare, in an effort to achieve high-quality and stable sustainable development. In the meantime, we have joined of the United Nations Global Compact, and pledged our support to the 10 Principles of the UNGC as well as our unwavering support to the realization of 17 SDGs of the United Nations. We firmly believe that we can continue to create more values for stakeholders by improving internal sustainability governance, strengthening management and control of our corporate development’s impact on the environment and society, and abiding by the sustainability concept of “Value creation through Mutualism”.

Promoting Sustainable Consumption through Product Innovation

We actively promote the use of environmentally friendly materials in our products and packaging through R&D and technological innovation. Taking our ANTA National Team Series of ice-silk short sleeve shirts as an example, this product incorporates Sorona® fiber, which features up to 30% less energy consumption and up to 63% less GHG emissions in production compared to an equivalent amount of Nylon 6. Besides, we actively promote the sustainable packaging. During the financial year, over 50% of FILA’s footwear products (including shoe boxes, hang tags, and wrapping paper) have used sustainable packaging. In addition, our brands are also exploring projects such as electronic hang tags to reduce the environmental impact of excessive packaging. We also set specific targets for each brand to continuously increase the proportion of sustainable products and exert a positive influence in the field of sustainable consumption. We have laid out clear requirements for the use of chemicals in our products, promised to gradually reduce and ultimately cease the use of harmful or restricted chemicals, and committed to identifying and managing our business activities’ potential negative impacts on biodiversity and ecosystems, to articulate our commitment to the environmental attributes of our products. We have also become a member of SAC, demonstrating our commitment to assessing and managing the impact of footwear and apparel products throughout their entire lifecycle.

Fostering a Green Corporate Ecosystem by Building Sustainable Supply Chain

Climate change is a focus of global action, and the “dual-carbon” goals and actions are of paramount importance. During the financial year, we conducted an inventory and verification of the GHG emission



status of 11 self-owned operating facilities to further analyze their emission status. Based on the findings, we formulated tailored energy conservation and emission reduction plans for four self-owned operating facilities, and procured the use of renewable energy in self-owned operating facilities and over 20 suppliers' facilities. We are also actively pursuing sustainable production and operations, in an effort to reduce emissions and waste generation, and reduce the intensity of water use. By promoting environmental impact control throughout the process of production, operation and end-product, we have integrated the principle of sustainability into our corporate activities and decisions, and worked to deliver our "1+3+5" overall environmental strategic objectives. In addition, we have formally joined and pledged to support the commitment of the SBTi in January 2023. We also plan to take active actions to promote carbon reduction in accordance with the SBTi standard.

The success in building a sustainable industry requires the close support of our suppliers. We committed to the principle of win-win cooperation continued to pay attention to the standardization and professionalism of suppliers' management processes, empowered our supply chain partner in order to improve their management capability and promoted the sustainable development of the supply chain. During the financial year, we conducted social responsibility audits on over 70 tier 1 suppliers, over 35 tier 2 suppliers and over 3 tier 3 suppliers, covering environmental and social metrics including labor management, health and safety, labor right, green production, etc. We did not find any material violations during audits. Among them, over 50 suppliers received third-party audits on SLCP, BSCI, WCA and other programs, so as to promote the sustainable development of the supply chain. In February 2023, we published the "Supplier Sustainability Management Handbook", further clarifying the management standards in the areas of labor rights, health and safety, environmental responsibility and sustainability management system, in an effort to create a mutualism platform

for building environment-friendly, healthy, safe and efficient supply chain. We are supporting suppliers to collect carbon emissions and energy usage data through digitization in order to improve their planning capabilities and management efficiency. At the same time, we are also promoting the sourcing of sustainable raw materials, and giving priority to suppliers with traceability and sustainability certification to create a green supply chain.

Promoting Responsible Business Operation through Effective Human Resource Management

Employees are the cornerstone of an enterprise's long-term development. We regard talents as the most valuable aspect of our core competitiveness. As a member of the UNGC, we abide by all internationally recognized human rights policies outlined in the "Universal Declaration of Human Rights" and the "International Bill of Human Rights" of the United Nation. We respect an inclusive and open corporate culture, and continue to increase the proportion of women in our senior management team. As of 31 December 2022, we had approximately 59,000 employees, of which 75.1% are female and 24.9% are male, and female executives (director level and above) accounting for 36.1% of our total executives, representing an increase of 1.4 percentage point on a year-on-year basis. Based on the long-term development of the Company, we have invested substantial resources in building our employee training system and continued to cultivate a talent team tailored to our business development. During the financial year, we invested over RMB20 million in employee training, covering more than 90% employees.

Moving to Nature toward a Better Environment

As a global strategic partner of WWF, we continue to invest in biodiversity conservation and engage our employee volunteers and the public in nature conservation work. During the financial year, we engaged in forest ecosystem protection and restoration, fry stocking

and habitat clean-up in nature reserve and other activities, leveraging our brand influence to promote the knowledge of environmental protection and boost the public awareness of the welfare cause. During the financial year, we donated a total of RMB23 million in cash and over RMB200 million of sports products (calculated at tag value) to various charitable organizations. Over the years, through the implementation of the "Sturdy Growth Charity Project", we have established 166 ADream Centers, trained 4,468 physical education teachers, and donated over RMB650 million of sports products (calculated at tag value), benefiting more than 4.9 million students in 11,711 schools in China. At the same time, we encourage our employees to participate in volunteer services, totaling over 24,000 hours during the financial year.

As the saying goes, those who keep working will get the job done; those who stay on the course can reach their destination. Over the years, thanks to our strategic planning with foresight and efficient execution, we have maintained extremely strong resilience. This has enabled us to seize the momentum of macroeconomic growth to achieve rapid development and navigate through all kinds of challenges and adversities in our business operation. Today, ANTA Sports has already grown into a world-leading sportswear group. Standing at the starting line of a new decade, we will continue to work with our team, uphold the "Keep Moving" spirit and adhere to our strategic and development goals. We will continue to create maximum value for stakeholders, strike the balance between business development and social responsibility, and take concrete steps toward a future of high-quality and sustainable development.



Ding Shizhong

Chairman

Hong Kong SAR, 21 March 2023

STATEMENT OF THE BOARD



While our business continues to grow, the Board attaches great importance to the sustainability management. We have established a multi-level, effective and executable ESG governance system. We will continuously update and improve our ESG governance structure, with the Board playing a leading and active role in the Group's ESG affairs engagement and supervision.

ESG Management Responsibilities

The Board has overall responsibility for the Company's ESG strategy and reporting. As the top ESG governance body of the Company, the Board is responsible for formulating the Group's sustainability management guidelines, strategy and objectives, and establishing and maintaining ESG risk management and internal control system. The Board is also responsible for preparing the annual ESG report and overseeing the reporting process. In 2021, the Company established the Sustainability Committee, consisting of three Executive Directors, four Independent Non-Executive Directors and one executive designated by the Board. The committee is responsible for assisting the Board (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the sustainability perspective; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardize the collection of ESG related data and information to improve the quality of ESG information disclosure, so that the Company's ESG governance effectiveness would be enhanced.

ESG Risk Management

We attach great importance to the potential impact of ESG-related risks and opportunities and incorporate the identification and management of ESG-related risks into the Company's risk management system. The Sustainability Committee (on behalf of the Board) is responsible for overseeing the assessment of ESG-related risks and opportunities and ensuring that appropriate and effective ESG risk management and internal supervision systems are in place. We also stress the identification, assessment and management of climate change related risks, and work on and disclose climate change-related risks and countermeasures in accordance with the requirements of the TCFD and the "Guidance on Climate Disclosures" by HKEX.

Review of the Progress of ESG Goals

We have established the Group's sustainability strategy and goals, regularly evaluate key ESG issues and submit them to the Sustainability Committee for review and evaluation, in order to advise management for improvement of the ESG goals management system. The Sustainability Committee regularly reviews the ESG goals and reports to the Board. We have also incorporated ESG indicators into the performance assessment of key departments of the Group to promote the delivery of ESG goals and enhance our ESG performance.

ESG Reporting and this Report

This Report has been prepared by the Board with application of the following four reporting principles:

Materiality: Materiality assessment is performed to identify ESG matters that are material to investors and other stakeholders, and to assess the direct and indirect significance of these matters to the Group and stakeholders.

Quantitative: Quantitative information is provided, where appropriate, which helps readers assess the Group's ESG performance objectively. Quantitative information is also accompanied (if necessary) by a narrative, explaining its purpose and impacts, and comparative data.

Balance: The Company discloses unbiased picture with both positive and negative information and performance regarding ESG.

Consistency: ESG data presented in this Report are prepared using consistent methodologies across time periods, unless otherwise specified either in text or in notes.

This Report has been reviewed by the Sustainability Committee and approved by the Board.

2022 HIGHLIGHTS



ENVIRONMENT

- Moving towards to our carbon neutrality commitment by 2050:
 - Developed carbon reduction and energy optimization plans for **four** self-owned operating facilities;
 - Procured the use of renewable energy in self-owned operating facilities and over **20** suppliers' facilities;
 - Combining green spaces, energy-saving design and material in constructing the Shanghai Headquarters;
 - Officially joined and pledged support to the Science Based Targets initiative (SBTi) in January 2023 and will establish carbon reduction targets for the business across the entire value chain;
- Gradually reduce and eventually cease the use of hazardous and restricted chemicals.

Sustainable packaging contributes to environmental impact reduction



PRODUCTION AND SUPPLY CHAIN

- Published "Supplier Sustainability Management Handbook" to guide suppliers and their subcontractors on social responsibility management;
- The total number of suppliers of ANTA and FILA (including footwear, apparel and accessories) was **524**;



ANTA National Team Series Honor Jackets



ANTA Little Millennium Sport Shoes



ANTA National Team Series Ice-silk Short Sleeve Shirts



PACKAGING

- Over **50%** of FILA's footwear products (including shoe boxes, hang tags, and wrapping paper) have used sustainable packaging;

- Conducted social responsibility audits on over **70** tier 1 suppliers, over **35** tier 2 suppliers and over **3** tier 3 suppliers, covering environmental and social metrics including labor management, health and safety, labor right, green production, etc. We did not find any material violations during audits. Among them, over **50** suppliers received third-party audits on SLCP, BSCI, WCA and other programs;
- Supported suppliers to collect carbon emissions and energy usage data through digitization.

PRODUCT

- ANTA National Team Series Ice-silk Short sleeve Shirts incorporate Sorona[®] fiber, which features up to **30%** less energy consumption and up to **63%** less GHG emissions in producing Sorona[®] fiber compared to an equivalent amount of Nylon 6;
- ANTA Little Millennium Sport Shoes' ramp features Global Recycling Standing (GRS) space leather material, which is made of recycled PET plastic. In comparison to the production of 1kg of virgin PET plastic, the production of recycled PET plastic results in **59%** less carbon dioxide emissions than virgin PET plastic;
- ANTA National Team Series Honor Jackets feature the use of REPVEVE[®] recycled nylon yarn. Producing REPVEVE[®] results in approximately **50%** reduction of CO₂ equivalent, compared to producing one ton of regular nylon.



- **100%** of DESCENTE's shoes packaging paper and paper shoe tree have received Forest Stewardship Council (FSC) and Global Recycle Standard (GRS) certifications respectively.

Supply chain management contribute to shared social responsibility



SHARED SOCIAL RESPONSIBILITY

- Member of the United Nations Global Compact (UNGC) and pledged support to the UNGC's **10** principles;
- Pledged unwavering support to the achievement of the United Nations' **17** Sustainable Development Goals (SDGs);
- Member of the Sustainable Apparel Coalition (SAC), demonstrating a commitment to assessing and managing the impact of footwear and apparel products throughout their entire lifecycle;
- Global Strategic Partner of World Wildlife Fund (WWF);
- Donated a total of RMB**23** million in cash to different charities, and the value of donated sportswear (calculated at tag value) exceeded RMB**200** million in 2022.

Sustainability Overview Our Business

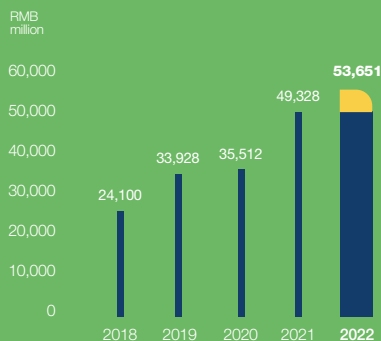
Definition of
Sustainability

Growing Revenue Potential

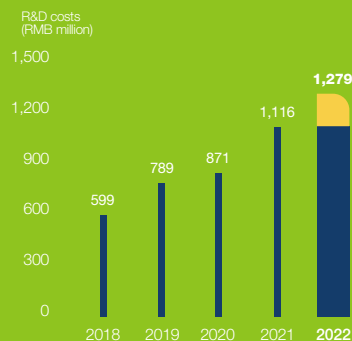
Increasing Innovation Potential

And where are we?

Maintaining an upward revenue trend



Continued Investment in R&D



Multi-brand strategy



Financial Performance for 2022

Results Highlights

Financial Performance



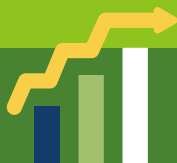
Revenue
increased by 8.8% to
RMB 53.7 Billion



Gross profit margin
decreased by 1.4% point to
60.2%



Profit attributable to equity
shareholders decreased by 1.7% to
RMB 7.6 Billion



Basic earnings per share
decreased by 1.7% to
RMB 2.82

Payout of the profit attributable to
equity shareholders
42.4%

Operational Performance

(As of 31 December 2022)

Number of ANTA stores
in Mainland China and
overseas stood at

6,924
(6,832)*

Number of ANTA KIDS stores
in Mainland China and
overseas stood at

2,679
(2,571)*

Number of FILA stores
(including FILA KIDS and FILA FUSION standalone stores)
in Mainland China, Hong Kong SAR,
Macao SAR and Singapore
stood at

1,984
(2,054)*

Number of
DESCENTE stores
in Mainland China,
Hong Kong SAR and
Macao SAR stood at

191
(182)*

Number of
KOLON SPORT stores
in Mainland China and
Hong Kong SAR
stood at

161
(155)*



* As of 31 December 2021

2022 HIGHLIGHTS

Constituent Stock of

Index abbreviation	Index name in English
HSI	Hang Seng Index
HSCEI	Hang Seng China Enterprises Index
HSML100	Hang Seng China (Hong Kong-listed) 100 Index
HSFML25	Hang Seng China (Hong Kong-listed) 25 Index
HSCI	Hang Seng Composite Index
HSCICD	Hang Seng Composite Industry Index – Consumer Discretionary
HSLI	Hang Seng Composite LargeCap Index
HSLMI	Hang Seng Composite LargeCap & MidCap Index
HSLMIV	Hang Seng Large-Mid Cap (Investable) Index
HSSCNAH	Hang Seng SCHK ex-AH Companies Index
HSSCMLC	Hang Seng SCHK Mainland China Companies Index
HSHKI	Hang Seng Stock Connect Hong Kong Index
HSSCHK	Hang Seng Stock Connect Hong Kong Composite Index
HSCGS	Hang Seng Consumer Goods & Services Index
HSIESG	HSI ESG Index
HSCEESG	HSCEI ESG Index
HSESG50	Hang Seng ESG 50 Index
HSHK50	Hang Seng Stock Connect Hong Kong Top Shareholding 50 Index
BWORLD	Bloomberg World Index
BESGPRO	Bloomberg ESG Data Index
BWRETL	Bloomberg World Retail Index
SBBMGLU	S&P Global BMI (US Dollar)
SCRTCN	S&P China BMI Index
SCRTEM	S&P Emerging BMI Index

Rating and Awards

ANTA Sports' rating:



Achieved an "A-" rating in the Hong Kong Quality Assurance Agency Sustainability Rating



Ranked ahead of 87% of approximately 160 global textile, apparel and luxury brand companies in S&P Global ESG Scores



Scored 77 in the Global ESG Monitor (GEM) 2022 global report and ranked eighth in the world's most transparent ESG reports and the top among the Hong Kong Blue Chip Stocks

Our ESG Report:



Was awarded CarbonCare® ESG Label 2022's "Best Practice in ESG Reporting Level 4" by CarbonCare Innovation Lab



Was awarded CarbonCare® Star Label 2022's "Continuous Commitment in Best Practice in ESG Reporting" by CarbonCare Innovation Lab

ANTA Sports' awards:



Was awarded the "Best ESG (G) (Large Cap)" by Hong Kong Investor Relations Association



Was selected as an "Sustainable Enterprise Case 2022 in China" by APEC's Sustainable China Industry Development Initiative



Was awarded the "Sustainable Development category – Gold" by Quam IR Awards 2021



Was awarded the "Best ESG Employer 2022" by Aon China



Was awarded the "Top Ten Best Corporate Governance Companies" and the "ESG Zhiyuan Award Social Responsibility Pioneer Enterprise Award" by the Caillian Press



Was awarded "the 2022 Most ESG Brand Award" by 2022 China Footwear Grand Festival

SAFEGUARD PRODUCT AND PURSUE INNOVATION

SDG goals addressed in this chapter



ESG issues covered in this chapter

Use of chemicals and discharge
Product life cycle
Product quality and safety
Craftsmanship and product innovation
Customer relations management
Data privacy and protection
Sustainable consumption
Intellectual property management
Responsible marketing

We always maintain product quality at a high level, and regard technological innovation as key to the vitality of our brands. We believe that the essence of product quality is not limited to production quality and should expand to enhancement in product design and techniques, innovation, service, and so forth, in order to win our customers' long-term confidence.

Innovation in Craftsmanship and Design

We have always adhered to the principle that "Innovation is the Foundation of Enterprise" and strengthened our independent innovation capabilities. Based on our well-established, sound R&D innovation framework, we comprehensively push forward different dimensions of R&D work, such

as technological innovation, product innovation, design innovation and craftsmanship innovation.

Technological R&D Innovation

We attach great importance to technological R&D innovation, and promote the deep integration of the R&D of forward-looking sports technologies and market-oriented transformation of innovative results to serve the upgrade

of our products. In 2005, we established the industry's first Sports Science Laboratory at the national level in China. Over the years, the Sports Science Laboratory has collected the foot shape data of people all across the country, providing effective data support for our independent R&D and innovation. ANTA continues to lead the direction of innovation and research in the industry with the launch of Nitrogen, A-Warm, A-Chill, Aerated, Water-Repellent and other technologies. We also work to

promote the upgrade of production processes and technologies. During the financial year, Xiamen ANTA Industrial Co., Ltd. undertook the renovation of outdoor high-end seamless workshop to strengthen the capability of seamless

technology; realized the flexible interchangeable production in the intelligent needle/woven/down assembly lines to raise the production efficiency; and established the innovative tooling and fixture technology workshop, and

introduced an innovative model of all-in-one resolution for single problems through technology sharing in the whole production process.

Key Performance
in 2022



R&D expenses: More than RMB6 billion in the past 10 years

Employment of top talents: over 700 international design and R&D experts from eight countries

A-Warm and A-Chill won international awards



ANTA A-Warm was designed and developed by the Sports Science Laboratory, and verified through professional tests and athletes' personal experience. With its super warm-keeping features, the technology won the "ISPO TEXTRENDS Award", and was widely used in athletic equipment during the Beijing 2022 Winter Olympic and Paralympic Games, bringing the power of sports technology to the Olympics. ANTA A-Chill technology won the "ISPO TEXTRENDS Top Ten Award", "MUSE Design Award" and three international awards for its quality material performance.

ANTA Skeleton racing shoes with 25 patents



ANTA's self-developed Skeleton Shoes have different technology patents. The sole includes a midsole, a carbon piece, a front piece and a transparent piece, through which allow user to observe the structure of the carbon piece and whether there are any foreign objects. The heel of the shoe is equipped with a back piece, which has a smooth continuous line on the outer surface and a numerically simulated streamline design to help reduce air resistance. These shoes have been used by the Chinese skeleton national team in the Beijing 2022 Winter Olympic and Paralympic Games, helping the team win their first Olympic medal in history, and presenting to the world the power of "Made in China" and "Created in China".

Product Design Innovation

Product design innovation is our primary focus. We have established design centers in China and formed an international design team with designers from the US, Japan, the South Korea and Italy to build up innovation capability and deepen our innovation culture.

We have creatively integrated various styles into sports aesthetic design, producing new products combining different design styles and elements, and products that are both fashionable and practical. The new winter series of ANTA KIDS products, inspired by the Winter Olympic spirit, were presented in Shanghai Fashion Week, creating a classic winter outfit of children's sportswear. DESCENTE collaborated with contemporary Japanese fashion designer Kazuki Kuraishi and launched a new skateboarding series, DESCENTE X KAZUKI KURAISHI. Inspired by multiple fashion trends, FILA launched a premium sports down jacket series, blending culture with sports; KOLON SPORT ANTARCTICA LITE adopted the same warm-keeping technology specially made for the polar-series down jackets and its unique design inspirations to create the fashion of outdoor winter sports.

Intellectual Property Management

We attach great importance to intellectual property protection, thoroughly implement intellectual property management, and establish sound management policies for brand protection, trademark and patents. We strictly abide by the "Patent Law of the People's Republic of China", the "Trademark Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", and other laws and regulations. We have established a systemic framework of internal policies concerning intellectual property management, trademark management, patent management, brand protection, and prevention and control of intellectual property infringement risks, such as the "Intellectual Property Management Policy", "Patent Application Process" and "Protocols for Defending Rights against Counterfeiting". During the financial year, we improved the "Intellectual Property Review Management Policy", standardized and updated the audit process and penalty mechanism for the prevention and control of infringement risks, increased the intellectual property risk audits in the system, simplified the process for handling disputes over audit opinions, refined the penalties for design plagiarism and failure to follow the audit process, and strengthened the intellectual property awareness of business departments.

During the financial year, we continued to fight against intellectual property-related counterfeiting and defend our brand, and set performance targets and goals for intellectual property management. Internally, we focused on preventing risks associated with intellectual property, and externally, we focused on fighting infringement and counterfeiting, all in an effort to promote the implementation of intellectual property protection.

Key Strategies:

- Conduct auditing and control of potential infringement risks in business in accordance with laws and regulations and job responsibilities, and set up auditing mechanisms for intellectual property risks at all key stages of the brand operation, covering but not limited to business segments such as product design, advertising and promotion, and non-production procurement;
- Investigate into the non-compliance of business departments and provide recommendations for improvement;
- Provide staff training and courses to enhance the intellectual property awareness of the design team. The topics of training include prevention and control of intellectual property risks in product design, trademark naming tips, patent analysis reports, and anti-counterfeiting awareness;
- Take various measures to combat counterfeiting and fake products, and strengthen efforts to curb the sale of counterfeit products online, especially in live streaming and private domain.

Key Performance in 2022



- Over **1,800** registered and approved trademarks
- Over **1,600** valid patents
- Over **60** copyright registrations
- **15** training sessions on intellectual property protection awareness, covering **800** employees across merchandise, R&D and branding departments
- Over **9,800** intellectual property risk audits, clearing over **2,300** infringement risks
- Cracked down on **2,105** different types of intellectual property cases, (infringement and counterfeiting) including **1,769** administrative and criminal cases, **48** customs protection cases, **288** civil infringement claims, and received over RMB**10** million of compensation awarded by the court in civil proceedings
- Passed the 2022 annual review of National Intellectual Property Model Enterprise organized by the State Intellectual Property Office (China)

Promoting Industry Development

During the financial year, we entered into partnerships with several industry partners to continuously improve the professional performance of our products with innovative technologies. With the aim of creating leading-edge sports equipment, we partnered with Beijing Institute of Fashion Industry to work on scientific research, jointly build a platform for industry-university-research cooperation, and accelerate the cultivation of professional talents as well as the R&D of key projects and transformation of research results. The Tsinghua University-ANTA (China) Co., Ltd. Joint Research Center for Sports Fashion, co-founded

by Tsinghua University and us, is committed to building a world-leading innovation platform for the sports industry by leveraging the resources of Tsinghua University's multi-faculty and interdisciplinary experience. It helps Chinese sporting brands drive growth and achieve global recognition by integrating the R&D of sports technology and market-oriented transformation of research results. The ANTA (China) Co., Ltd. Postdoctoral Research Station was officially approved, and it will work with Chinese universities to cultivate high-end scientific research talents in the fields of sports science, new materials, new technologies and new processes. In addition, ANTA announced a collaboration with Huawei Sports Health. The ANTA Science Laboratory

and Huawei Sports Health Science Laboratory will cooperate to explore the interaction between technology and sports. On ANTA's newly released Olympic champion running shoes, the two sides had the first attempt of collaboration. In a joint test conducted by ANTA Science Laboratory and Huawei Sports Health Science Laboratory, the running shoes demonstrated excellent shock absorption performance in all indicators. At the same time, a large number of data collected during the test, including the sample data of Olympic champions, will provide important reference for in-depth research on the running habits and needs of Chinese runners in different scenarios.



Raising Product Quality

We strictly abide by the “Product Quality Law of the People’s Republic of China”, the “Consumer Rights Protection Law of the People’s Republic of China”, and other laws and regulations. We continue to improve our internal quality and safety control management system, and thoroughly implement quality monitoring and safety and security measures. We continuously develop and adopt new technologies to improve product quality, and strive to ensure that all consumers enjoy the fun of sports with our high-quality sportswear. During the financial year, we focused on quality management capability, R&D technology, product quality and service, as well as the development of sustainability standards to improve product quality.

Product Quality and Safety

Product quality is the foundation of our business. We are committed to supplying high-quality products to consumers. We have established a quality control system covering the entire life cycle of products, and strictly implemented the “Technical Standards on the Safety of Chemicals”, the “Manual on the Safety Control of Chemical Products for ANTA Suppliers”, the “Standards for the Appearance of Clothing Lining Materials”, the “Quality Standards on Child Safety” and other standardized requirements. Our “Quality Management Manual” provides a complete introduction of product quality management, including chemical specifications, recall management, product risk assessment, and other policies.

Quality and Safety Certification and Training

We have established a comprehensive quality management system, and conducted certification of our quality and safety system. We commissioned an external organization to conduct the annual supervisory audit of the certification of our quality management system, environmental management system and occupational health and safety management system in accordance with the “2022 Annual Plan for Management System Audit”. Those confirmed effective will be issued a “Certificate of Confirmation”. The scope of the certification covers the design, development, production and sales management of sports and leisure footwear and apparel.

At the same time, we actively organize quality-related training, learning and relevant certification for employees and suppliers.

- For employees, training on regulatory standards such as the “Requirements of Quality Management System” and the “Guide to the Audit of the Management System”;
- For suppliers, the Supplier Quality System Manager/Engineer Certification program.

Special Quality Inspection

We conducted special quality inspections on subjects such as production, equipment, and returned products to further ensure the quality of our products.

- Special inspection on glue and equipment: we conduct random inspections of glue and equipment from time to time, and keep track of the progress in correcting non-conformities;
- Special inspection to reduce the amount of returned goods: we carry out special inspections on a weekly basis to reduce the amount of returned residuals, and conduct regular review based on the comparison of returned products and check of abnormalities;
- Inter-department audit: we organize multiple departments to inspect and provide guidance on the production process, key points in process operation and product quality.

Product Recall Management

We track and manage the quality of the products sold, and have a sound product-recall mechanism. If a product with quality problems or potential safety hazards is found after leaving factory, we will initiate a recall according to the “ANTA Recall Management Policy”, to prevent any losses to consumers. For products that do not comply with regulations, that have problems in the self-inspection process, or with recall rate exceeding 5%, we would issue a takedown notice within one working day after recall confirmation, and notify our distributors, DTC franchisees and self-owned operating stores to return all products for centralized processing. Employees are strictly prohibited from handling them individually. For products that are returned or recalled for quality reasons, we will take the products back for repair and give out compensation, and include them in the major quality management assessment.

Chemicals Safety Management

We attach great importance to the management of chemicals safety, and we strictly abide by the relevant laws and regulations on environmental protection. We established chemicals management policies where our suppliers should also follow. In accordance with the relevant regulations and market requirements in China, we formulated specifications such as the “Chemicals Safety Technical Specifications” and the “Guidelines for Chemicals Safety Process Control”. During the financial year, we revised the “Chemicals Safety Technical Specifications” and the “Chemicals Safety Management Measures on

Footwear Products”, specifying the indicator requirements, test methods, sampling and verification rules on the chemicals safety performance of apparel, footwear and accessory products and materials to better identify chemicals.

Our “Chemicals Safety Technical Specifications”, which is established with reference to recommended national standards, OEKO-TEX100, REACH, EU eco-labeling for shoes and boots, and other requirements, sets clear rules for the environment-friendly and safe manufacturing of products made from various raw materials (natural fibers, chemical fibers, mixed fibers), leather products, coated fabrics, various printed products, etc. According to the industry standards, we identify, among all the existing chemicals used in our production, the types of chemicals that are recognized as harmful to the environment and health to formulate a comprehensive list of chemicals of concern, such as organotin compounds and allergenic dyes, and establish the scope of testing on this basis. The quality departments of our footwear, apparel and accessories brands determine the testing items according to these specifications and conduct sampling tests on the corresponding products or materials according to the relevant documents, compile statistics on the use of chemicals in the entire production process, and list the types and quantities of all chemicals of concern planned to be phased out or banned according to the requirements of relevant laws and regulations and industry standards, including 70 types of insecticides, 25 types of plasticizers, 24 types of aromatic amine dyes, 18 types of carcinogenic dyes, 22 types of allergenic disperse dyes, six types

of other banned dyes, 21 types of banned flame retardants, and 13 types of banned organochlorine carriers. At the same time, we are committed to gradually reducing and ultimately stopping the use of hazardous and restricted chemicals, which include using environment-friendly water-based glues, reducing the content of volatile organic compounds in waste gas, and reducing the amount of treatment agents used in the shoe production process.

We have introduced clear standards and requirements on the use of chemicals by our suppliers, and established the “Guidance on Chemical Safety Management for Suppliers”, the “Statement of Compliance for Chemical Safety Control of Suppliers” and other systems, to ensure effective control of the practices of our supplier partners in all aspects of chemical use, and make sure that our products and raw materials will not harm human health or the environment while they are worn, maintained or handled. We are committed to protecting the rights and interests of consumers and achieving win-win cooperation with suppliers in the long run. During the financial year, we provided training on chemical safety standards and chemical safety management protocols to our suppliers, with the participation of over 500 people.

Digital Empowerment

Since 2020, we have invested on DTC model and formulated its development plan over the next decade. The DTC model achieves the reconstruction of

relationship among people, goods and markets, enhances member value, strengthens the technological middle platform, and makes use of innovative product intelligence. It also enables efficient connection between ANTA and the retail channels, helping ANTA to quickly respond to consumer needs.

In the R&D process, we have greatly shortened the R&D cycle, using AI technology to automatically generate color matching, design, and 3D technology modeling, so we can provide different color matching for designers’ reference. Using the data from front-end sales and market feedback, we can quickly improve product design. In addition, our smart factory has allowed transformation and upgrading of the manufacturing process through the use of digital technology. Changting ANTA Sports Products Co., Ltd. has built a digital factory and completed the second phase of the smart factory construction during the financial year, advancing the digitization process at a faster speed.

Advocating Circular Fashion

We are making a positive impact in the area of sustainable consumption initiatives in line with our global emissions reduction targets and committed to incorporating the principles of circular fashion into business operations. While pursuing profitability and growth, we also strive to raise consumer awareness of sustainable consumption and achieve mutual development.

Sustainable Product Design

We have developed product standards and certification standards related to ESG projects, adopt the “Technical Specifications for Sustainable Products”, which standardizes the technical and certification requirements for sustainable materials, sustainable production processes, sustainable packaging and sustainable products, and measure environmental and health profile of new products as part of product designing, to lead the trend of sustainability in the apparel and footwear industry. We adhere to the concept of sustainability in developing our products and continuously promote the launch of environment-friendly products. From product design concepts to the use of recycled materials as the raw materials for production, we strive to achieve efficient use of resources and reduce the environmental impact in the whole process of production.

In terms of environmental technology, ANTA has Water-Repellent, A-Chill, and Aerated technologies, and we also use different eco-friendly materials. In the future, we will actively increase the proportion of sustainable products, and have already set specific goals for each brand.

We use the following eco-friendly materials:



DuPont™ Sorona® fiber

Sorona® uses up to 30% less energy in production compared to an equivalent amount of Nylon 6. Secondly, the GHG emissions in the production of Sorona® is up to 63% lower than the production of an equivalent amount of Nylon 6. Applying Sorona® helps reduce our dependence on petroleum resources and petrochemicals.



EcoCosy fabrics

EcoCosy® fiber is made from certified wood pulp including CFCC®/PEFC™ in China. Manufacturing practices meet the requirements of the level of STeP by OEKO-TEX® certification standards.



REPREEVE® nylon yarn

This material is derived from industrial waste such as leftover thread, scraps, and cuttings generated during the production of nylon. It avoids the use of petroleum resources and is processed using special techniques, saving up to 44% of energy. Producing REPREEVE® results in approximately 50% reduction of CO₂ equivalent, compared to producing one ton of regular nylon.

ANTA National Team Series

ANTA is advancing the integration of the technology of the National Team Series and environmentally-friendly technology. The National Team Series of ice-silk short sleeve shirts now incorporate Sorona® special fiber. We have upgraded Sorona® fiber by infusing it with various substances such as jade powder, antibacterial agents, and coffee carbon to provide functions such as cooling, antibacterial properties, heating and other functions.



SAFEGUARD PRODUCT AND PURSUE INNOVATION

ANTA NATIONAL TEAM SERIES

ANTA's National Team Series of Honor jackets now feature REPREEVE® recycled nylon material, which is specifically recycled nylon yarn.



ANTA LITTLE MILLENNIUM SPORTS SHOES

The shoe upper features GRS Space leather material, which is an eco-friendly and recycled material. The production process for this material involves the use of recycled PET plastic. In comparison to the production of one kg of virgin PET plastic, the production of one kg of recycled PET plastic results in only 0.91kg of carbon dioxide emissions. In other words, the production of recycled PET plastic emits 59% less carbon dioxide than the production of virgin PET plastic, which emits approximately 2.23kg of carbon dioxide per kg produced.

ANTA KIDS SKATEBOARD SERIES

ANTA KIDS's apparel applies Sorona® fiber, driving new fashion style of sustainable fashion.



FILA ORIGINALE “GLOBAL CITIZEN” RECYCLED COLLECTION SERIES

FILA has adopted the fabric that is made from recycled waste plastic bottles, which has a good wrinkle resistance and dry feel. The design of the garment is inspired by the global climate map, which is printed on the clothes to appeal for public attention to climate change.



RE: DESCENTE SERIES

DESCENTE has also launched the RE:DESCENTE BIRTH, DESCENTE SEED, and DESCENTE BUILD collections, which are made from old clothing, thus embodying the concepts of environmental protection and circular economy.



KOLON SPORT POLARTEC LONG SLEEVE TOP

KOLON SPORT uses recycled polyester fabric, which is quick-drying and highly breathable.



SAFEGUARD PRODUCT AND PURSUE INNOVATION

Selection into the Excellent Enterprise Cases of the “Sustainable China Industry Development Initiative” by APEC



We have been selected as an excellent enterprise case of the “Sustainable China Industry Development Initiative 2022” launched by the APEC, which recognized our practice of advocating low-carbon consumption and living through product design and R&D innovation, and promoting green transformation in our value chain.



Advocating Sustainable Consumption

We are making a positive impact in the area of sustainable consumption initiatives in line with our global emissions reduction targets. While pursuing profitability and growth, we also strive to raise consumer awareness of sustainable consumption and achieve mutual development. On the one hand, we are practicing the concept of sustainable development through our own actions.

For products that are recalled in bulk, we classify them according to their damage and value. Products that can be repaired will be fixed and put on the shelf again; products that cannot be repaired but could still be used will be handled as an employee benefit; only products that cannot neither be repaired or used will be scrapped. These efforts are aimed at ensuring maximum recycling of our products. On the other hand, we have organized public awareness campaigns on eco-friendly products and explained

to consumers of the chemical contents per regulatory registration requirement in an effort to promote green consumption and raise consumers' awareness of environmental protection.

Improving Customer Service

Being “Consumer Oriented” is our founding mission. We strictly abide by the Consumer Rights Protection Law of the People's Republic of China, take and deal with consumer demands seriously, and protect the legitimate rights and interests of our customers. Through continuous improvement of our customer service system, efficient customer communication, and timely response and feedback to consumer demands, we have notably improved our customer satisfaction rate and provided a high-quality service experience to different types of consumers.

Customer Service System

We have established a relatively comprehensive customer service system, providing personalized customer service targeting different brands. We have set up a “Customer Service Management Policy”, and FILA has established a comprehensive charter for membership management, and a customer service system, which stipulates the time limit and content of after-sales services for product return and exchange, repair and replacement, and determines the standards for handling customer complaints on products and authorization for special

matters. FILA also provides efficient services for customers through its Customer Service Department and Membership Management Department .

Distributor Management

We have many brands and a large sales network, and distribution management is an important part of stable business operations. We attach high importance to communication and management with our distributors in an effort to ensure the efficiency of the distribution network, maintain a consistent sales image, and make sure that our consumers could always receive high-quality services.

The main criteria for becoming our distributor include:

- Sales experience
- Ability to meet sales targets
- Sufficient working capital to operate an authorized store
- Ability to find suitable store locations and space
- Track record of payment and credit term
- Ability to comply with our operational policies and etc.

After meeting the above basic requirements, we will review the actual situation of distributors and thoroughly explain to them our requirements of operation capability, environmental policy, employment relationship and social responsibility, to prevent the risks caused by improper management of distributors. In order to provide our

distributors with the basic rules to abide by and standardize the supervision of their performance, we have established the “Standard Operating Procedures”, “Terminal Activities Management Regulations” and other operational terms and conditions. We require distributors to align with our expectations in terms of retail policies, inventory management, store layout, promotion, customer service and after-sales service standards. At the same time, we have established an incentive and rebate mechanism for distributors. When distributors

meet the conditions of sales targets and receivables, we provide them with rebates in different ways to encourage their sustainable development. We hold trade fairs to introduce technology products to be launched in the future and knowledge related to the products to our distributors and franchisees, and we also communicate with distributors from across the country to adjust marketing strategies and improve business directions, and deliver high-quality distributor products and services to our customers.

FILA advocating low-carbon growth and shaping sustainable fashion



FILA organized the “Carbon Elegant Light Life” music camping to promote the concept of “Sustainable Fashion” to consumers. At the concert, the brand ambassador wore new products from FILA’s “Global Citizen” recycled collection to promote FILA’s appeal for environmental protection, calling on the public to protect the oceans and water sources and support to the sustainable development of the Earth.



SAFEGUARD PRODUCT AND PURSUE INNOVATION

Responding to Customer Demands

We attach high importance to the demand of every customer. We have formulated a customer management system and streamlined the process for handling customer complaints accordingly. Customers can make complaints through various channels, such as our hotline, email, social media, and stores. We have a whole set of procedures for collecting, classifying, answering, replying and tracking complaints consistent with the internal policies of different brands. After receiving a complaint, the Customer Service Department will work on it within one working day, and quality-related complaints will be answered within one to three working days.

To further improve the quality of our customer services, we have included the handling of customer complaint into the performance appraisal of the relevant staff. We conducted assessment of customer services on the retail end, and have the relevant standards for customer reception and after-sales services. Inspectors sent by the headquarters pay undercover visits to retail stores regularly and analyze the collected data on customer complaints. In the meantime, we continuously conduct training on the competence and service awareness of service personnel, and actively work with various business department to deliver timely after-sales services and make sure that the legitimate demands of consumers are well-satisfied. FILA conducts weekly and monthly monitoring of product quality, and issues opinion reports to

make improvement on products with more complaints and bring down the complaint rate of consumers. During the financial year, FILA gradually improved its services according to consumer demands, and launched the functions of shipping insurance, door-to-door pickup and store pickup in the private domain mini-program to continuously improve product quality and services.

Customer Satisfaction

We continuously optimize our products and improve our customer service system to raise customer satisfaction. We also identify customer needs through customer satisfaction surveys. To effectively quantify user satisfaction, we have launched an internal net promoter score questionnaire and consumer survey, which is automatically



Key Performance in 2022



100% complaint handling completion rate of the customer service system at our headquarters



triggered after customers shop in brick-and-mortar stores, FILA mini-program and FILA Tmall official flagship store. Customers can also voluntarily participate in the survey by scanning the net recommendation score QR code. By analyzing the survey data, we can identify the specific subjects that consumers complain about, such as stores, products or purchasing platforms. We ask the complaine to provide improvement data on a monthly basis, and continuously track the improvement results. Based on the valid feedback

received from the net promoter score survey, the overall consumer satisfaction rate of the FILA brand reached over 90% in 2022.

Respect Customer's Rights and Interests

Responsible Marketing

We abide by the "Advertising Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's

Republic of China", the "E-Commerce Law of the People's Republic of China", and other laws and regulations. We strictly control the information released through our promotion channels, such as television, print media, web portals, and live-streaming media to ensure the accuracy, legality and authenticity of our publicity information. We oppose unfair competition, abstain from disinforming customers on competitors' work/product, and prevent or avoid any potential adverse social impact and legal risks to our brands due to inappropriate publicity; we give extra care and protection to children and other disadvantaged groups in the marketing process and strive to practice responsible marketing.

We attach great importance to responsible marketing and protecting the legitimate rights and interests of consumers. In accordance with the relevant laws and regulations, all business departments are required to strictly review advertising slogans to be used in product selling process to make sure that consumers do not make any incorrect or inappropriate associations or interpretation of advertising slogans, product packaging, product names, product descriptions, etc., and we strictly monitor brand promotion activities. We regularly launch promotion campaigns and training sessions on responsible marketing targeting the relevant business departments, including all sales staff, to make sure that their marketing behavior conforms to the principles of responsible marketing.

We continue to focus on the impact of sustainability issues on our brands, and we conducted research to understand consumers' perceptions of sustainability issues and analyze their impact on our brands and business performance. We continue to track the relevance of our brands to ESG in an effort to create a responsible brand image in the minds of consumers.

Information Security and Privacy

We attach great importance to information security and customer privacy, strictly abide by the "Internet Security Law of the People's Republic of China", the "Data Security Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", and other laws and regulations. Accordingly, we have built and implemented an information security management system, and formulated a well-rounded information security management policy matrix consisting of 28 information security systems, including the "Penalty Rules of the Information Security Regulations" and the "Rewards and Discipline Policy" that are established for the punishment of employees violating information security regulations, as well as the "Validity Measurement Procedures", which provides the standards for the assessment of data and network security. In this financial year, we reviewed 28 information security systems to assess the

appropriateness, adequacy and effectiveness of their contents, and updated the "Internet Access Management Policy", the "Personal Information Protection Management Policy", the "Data Classification and Hierarchical Management Standards", "Data Sharing Process" and other policies to strengthen the security management of corporate data and personal information. We also obtained ISO 27001 certification for information security management system. At the supervisory level, we established the Personal Information Protection Office to coordinate the management of personal information protection in the Group, and the Sustainability Committee reviews the Group's information security issues and reports to the Board.

We conduct internal and external audits of information security annually. During the financial year, we commissioned a qualified external organization to carry out an external audit covering all areas of work related to information security management, and completed a group-wide internal audit in the same year. On the whole, our performance is consistent with the requirements of the information security management system, and no major non-compliance has been found. In addition, we carried out penetration testing of our special application systems and conducted comprehensive security penetration assessment of systems involving user data processing to ensure the safe and stable operation of application systems.

Customer Privacy Protection

We are committed to protecting the privacy of our customers, and our official brand stores and other stores are required to follow the "Personal Information Protection Management Policy" and publicly present the policy to consumers. During the financial year, we received no complaints from regulators or external parties regarding customer privacy violations.

Highlights of the privacy policy:

- Channels of information use: sales of products, consumer marketing and services;
- Channels of information protection: access control, encryption, sensitive information protection, etc.;
- Means of information use: internal use, handling by commissioned service providers, sharing according to law or contract;
- Time allowed to keep the information: depending on the necessity of information use, as short as possible;
- Customer's right to decide: customers can decide by themselves whether to provide non-essential information, and reserve the right to request the deletion of personal information.

Measures for Information Security

We have established an Information Security Management Committee and a specialized monitoring and enforcement team. With the support

and guidance of management, we have constructed a security management system and security technology system to ensure information security. Our measures include building an ISO 27001 information security management system, a data leakage prevention system, performing penetration testing, conducting offensive and defensive drills, implementing proactive and passive defense plans, and taking measures such as security monitoring, threat warning, and emergency response for core systems to trace abnormal behavior. In cases of information theft, we enforce punishment according to the established policies and disclose on the social media to serve as a warning.

- For core data, we have a clear management process for acquisition, transmission, use and storage;
- For sensitive user data, we protect and encrypt sensitive information, and develop individual-level privacy information reports;
- For potential information security risks, we conduct daily checks and make timely corrections on information system vulnerabilities and unauthorized access to personal privacy.

We promote information security awareness among all employees. We continuously carry out information security awareness training every year and provide relevant information security courses on the online learning platform of “ANTA Academy”. During the financial year, we organized special training on

data privacy management, including a special course on personal information protection and a security test, and our employees completed a series of compulsory courses on information security in the IT field and training and examination of compulsory courses on employee information security. We also adopted such means as email phishing drills to raise employees’ information security awareness.

Through employee reporting and the involvement of Personal Information Protection Office, we have been able to respond and resolve information security incidents in a timely manner. Employees can make report according to the “Information Security Incident Management Policy”. The information security department will organize different degrees of investigation, evaluation, processing, reporting, and summarizing based on the level of the incident; and Personal Information Protection Office will arrange for the relevant department to handle the incident according to the emergency response plan.

- Personal Information Protection Office handles the incident;
- Keep record of the incident, including the basic information of the incident, the personal information and number of people involved, the name of the system where the incident occurred, the impact on other interconnected systems, and whether law enforcement agencies or relevant departments have been contacted;
- Assess the possible impact of the incident and take necessary measures to control the situation and eliminate potential hazards;
- Report the incident in accordance with the provisions of the “Emergency Plan for National Network Security Incidents”, including the overall situation of the subject of personal information, possible impact of the incident, measures taken or to be taken for handling the incident, and contact information of the personnel involved in the handling the incident;
- Organize the notification of the security incident.



CREATING VALUE THROUGH WIN-WIN COOPERATION

SDGs addressed in this chapter

17 PARTNERSHIPS FOR THE GOALS

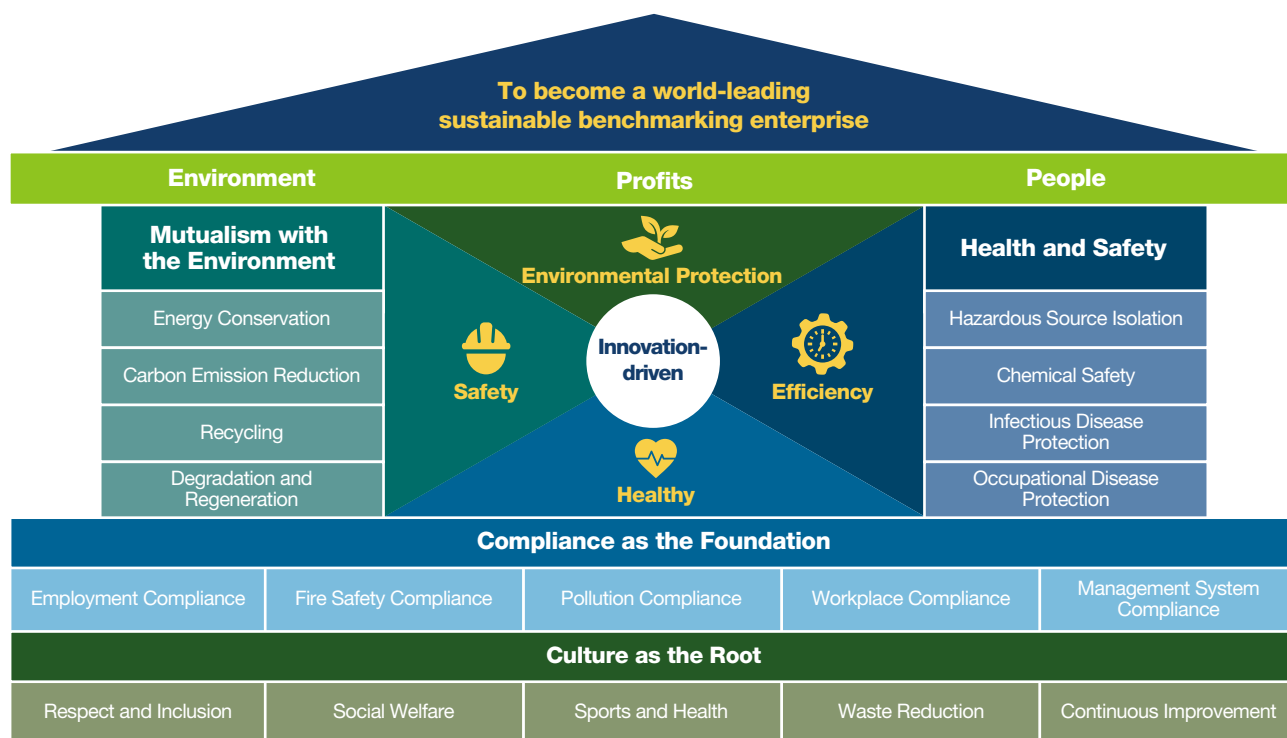


ESG issues addressed in this chapter

Supply chain management

Sustainable raw material sourcing

In order to build a fair, open and equitable value chain, we are practicing our commitment to responsible procurement, working together with our partners to actively assume environmental and social responsibility through supplier empowerment training and communication, and continue to build an environment-friendly, healthy, safe and efficient supply chain management system to promote the healthy development of the supply chain and achieve win-win cooperation.



Responsible Supply Chain Management

Supply Chain Risk Management

To ensure business continuity, we have established a supply chain risk management system and actively cooperated with upstream and downstream partners to enhance supply chain stability, reduce systemic

risks in the supply chain, and promote sustainable development of the supply chain.

We continue to improve our supply chain risk assessment and early warning mechanism, regularly identify and evaluate the risks of the supply chain, such as the operating environment, materials supply and social impact while continuously observing the development trend of the external environment, to

ensure that any risks that may affect our operations are taken into comprehensive and timely considerations. We assess the possible ESG risks based on our risk management system, and in line with the “Procurement Contingency Plan of the Group”, carefully review and deploy the needed prevention and response plans for various supply chain risks, in an effort to reduce and avoid the impact of supply chain risks on the enterprise.

Type of risk	Risk assessment	Response measures and precautionary mechanisms
Policy and regulatory risks	Against the background of the dual-carbon target and related carbon emission and energy consumption control policies, more laws and regulations on emission restriction and compulsory electricity conservation may be introduced in the future, and our supply chain may face the risks of lower output and higher electricity tariff, which could reduce our production efficiency and output and drive up operating costs.	- Promote equipment upgrade and technical improvement of the supply chain to reduce the use of energy-intensive equipment and improve the efficiency of energy use; - Promote the use of clean and renewable energies, and improve the energy use structure of the supply chain.
Extreme weather risks	Given the impact of extreme weather such as typhoon, rainstorm and high temperature, we may face the risk of supply chain disruptions such as water and power outages for suppliers, damage to suppliers' equipment or stored materials, and obstruction of logistics and transportation channels, which could affect our and suppliers' production capacity and incoming material costs, and drive up operating costs and production costs.	Establish a sound emergency management system for climate risks in the supply chain, pay close attention to weather warnings, keep track of the development of weather conditions and the status of personnel and production, and assist suppliers in formulating special contingency plans and making advance preparations for disaster prevention materials and equipment.

CREATING VALUE THROUGH WIN-WIN COOPERATION

Type of risk	Risk assessment	Response measures and precautionary mechanisms
Market risks	Given the impact of climate and environmental changes, energy transformation and other factors, we may face the risks of rising energy and raw material prices, damage to the planting environment of raw materials (e.g. cotton, rubber), and material shortage of some suppliers, which could lead to disruptions in production operations and drive up production costs.	- Stay informed of market information and policy change; - Actively search for alternative energy and raw materials, reserve potential qualified suppliers for key and major materials, and increase the stock of key suppliers; - Regularly audit the supply risk of suppliers.
Economic and social environment risk	Given the impact of social and public events such as recurring pandemics, we may be exposed to risks such as the health and safety problems of suppliers' employees and supply chain shutdown, which could result in production and operation interruptions. External risks including geopolitics or relevant restrictions or measures may also affect supply chain stability.	- Assist and guide suppliers in taking measures against the pandemic and resuming production, and promote supplier empowerment to enhance their overall capability; - Perform well on supplier sourcing and develop a reserve supplier database; - Stay informed of market information and policy change; - Pay attention to capacity allocation strategy and coordinate the capacity of different brands/categories to ensure maximum utilization of production capacity.
Supply responsibility risks	Given the impact of delayed delivery caused by insufficient capacity of suppliers, obstructed logistics and other factors or major incidents of mass recall of substandard products, we may face the risk of supply chain disruption and reputation damage.	- Establish a multi-tiered supplier system and contingency supply plan; - Require suppliers to develop production cycle schedules for different products and make timely report of any information that may affect the progress of production; - Conduct regular quality audits and provide guidance on process improvement and quality inspection for suppliers in need.
Social responsibility risks	As the social issues concerning the supply chain, such as labor rights, health and safety, and business integrity, capture growing attention from all parties, we may face risks involving suppliers' responsibilities such as labor disputes, employee injuries and deaths, illegal emissions, and bribery, which could lead to shutdown of the supply chain and damage to our reputation.	- Conduct regular audits of suppliers' social responsibility risks and keep monitoring during the admittance and annual reviews with reference to the "Supplier Sustainability Management Handbook" to strictly control ESG management risks; - Ask suppliers to conduct regular inspections on the safety hazards of factories, assess the environmental impact of their operations, and protect employees' human rights, as provided in the risk early-warning mechanism of the strategic operation department, to ensure the operational compliance of suppliers.

Type of risk	Risk assessment	Response measures and precautionary mechanisms
Other supply risks	We and our partners may face uncertainties such as financial deterioration or financial loss in the supply chain due to potential risks involving suppliers, such as financial problems and shareholder disputes, which could affect business transactions between enterprises and aggravate financial risks.	• Conduct supplier review at the admittance stage to make sure that only qualified suppliers are included, and continuously monitor and give warning to abnormal indicators at the audit stage; • Activate emergency management process in time under abnormal conditions, conduct loss inventory and impact assessment, and ensure rapid delivery by promoting capacity re-generation and transfer, or developing new suppliers; • Thoroughly investigate the cause of the incident, seek accountability of the personnel involved in the incident, and formulate a preventive mechanism to avoid the recurrence of similar problems.

Supplier Lifecycle Management

For the purpose of promoting the sustainability management of suppliers, and create an environmentally and socially responsible supply chain, we have developed a series of management policies and procedures, including the “Protocol for the Management of Supplier Access and Exit of Apparel Suppliers” and the “Protocol for the Management of Supplier Access and Exit of Footwear Suppliers”, and introduced lifecycle management covering the whole process of admittance, audit, correction and exit of all suppliers, in an effort to promote standardized supplier control and improve the efficiency of supplier management.

We developed the “Code of Conduct for ANTA Group Suppliers” and the “Supplier Sustainability Management Handbook” to systematize and standardize the social responsibility management of all suppliers and their subcontractors, with a view to reducing the environmental and social risks in the supply chain and improving the sustainability practices and performance of our supply chain partners. The work of supplier management is led by the Sustainability Committee and jointly promoted by the Sustainability Department, Footwear/ Apparel Procurement Department and all related departments.

Admittance Screening

We conduct standardized admittance review of suppliers in three stages, that are, information collection, preliminary information review and on-site review, to effectively control and reduce the potential supply, quality, service, efficiency and financial risks in the supply chain at their source, consider ESG factors, such as health and safety system, environmental protection, and labor management, along with price and quality during screening, to ensure that the quality of products and services provided by suppliers, and their social responsible management performance meet our sustainability requirements.

CREATING VALUE THROUGH WIN-WIN COOPERATION

Key Performance in 2022



Number of suppliers of ANTA and FILA (including footwear, apparel and accessories):

Chinese suppliers: **503**, overseas suppliers: **21**



Collecting supplier information:

We collect detailed information of our suppliers through the “Supplier Basic Information Form”, including company profile, basic information of the workforce and employee rights, professional qualifications or service capabilities, and relevant operational experience.



Preliminary review of supplier information:

We conduct preliminary screening of potential suppliers based on their basic information. If zero-tolerance breaches or seriously dishonest behaviors such as use of child labor, forced labor and commercial bribery are detected during the review, the admittance process will be terminated immediately.



On-site supplier review:

We make on-site inspections and professional assessments of suppliers’ business premises and practices to check the authenticity of supplier information, formally establish cooperative relationships with qualified suppliers and include the social responsibility performance standards for suppliers into the attachments of the contract to strengthen the standardized requirements for suppliers.

Tiered Management

In the day-to-day management of suppliers, we have adopted a categorized management to improve the management efficiency of contracted suppliers. Suppliers are classified into tier 1 suppliers, tier 2 suppliers and tier 3 suppliers according to their material categories as well as service relations and other general factors.

Tier 1 suppliers	Tier 2 suppliers	Tier 3 suppliers
Suppliers that directly provide finished products (such as garments, finished shoes, finished accessories, etc.)	Registered suppliers, providing materials, components and processes, including fabric, down, lining, leather, soles, auxiliary materials, molds, etc., for Tier 1 suppliers	Registered suppliers, providing materials and processes, including zippers, webbing, tapes, yarns, sole accessories, air cushions, etc., for Tier 2 suppliers

Scope of Audit on Social Responsibility Management of Supply Chain

Labor Rights	Health and Safety	Environment and Social Responsibility	Sustainability Management System
- Prohibition of child labor and forced labor - Prohibition of harassment and abuse - Anti-discrimination - Humane treatment - Right to freedom of association - Compliance of employment relations - Compliance of working hours - Paid overtime - Remuneration and benefits - Minimum wage standard	- Occupational safety - Equipment safety maintenance - Workplace safety - Chemical safety management - Contingency planning - Occupational disease prevention - Incident management - Public health, food and accommodation	- Compliance with environmental laws and regulations - Pollution prevention and treatment - Emissions management - Anti-corruption - Anti-competitive behaviors - Sustainable sourcing policy	- Establishment of the sustainability management system - Establishment of the Sustainability Committee

Appraisal and Audit

We have designed the MIS and adopted a double-axis audit method to assess suppliers' quality, delivery, cost, and other current order execution capabilities, as well as their medium- and long-term development capabilities such as development and innovation, environmental management, and social responsibility. We audit suppliers' performance and long-term development capabilities through various means, including supplier self-assessment, internal audit and audit by third-party organizations. In addition to social responsibility audit for all suppliers in the admittance process, we also conduct annually social responsibility management audits for suppliers according to the "ANTA Group Code of Conduct for Suppliers" and the "Supplier Sustainability

Management Handbook". During the financial year, we conducted social responsibility management audits for critical suppliers (including ANTA and FILA) which form more than 50% by cost of our procurement, and continuously track and control the rectification of various risks in order to enhance the environmental, social and governance performance of suppliers.

Our suppliers are divided into five levels, from the best performing ones to the least performing ones, based on their audit results: excellent, outstanding, good, improvement needed, and red line. In accordance with the "Apparel Supplier MIS Performance Appraisal Management Mechanism", we provide corresponding incentives for suppliers at different levels to encourage further improvement and motivate their initiative to fulfill contracts.

We take social responsibility management performance as a factor during extending contacts; for suppliers with audit results of "good" or above, we will consider giving priority to renewing cooperation with them after the end of the contract period; for suppliers with assessment results of "improvement needed", we will make clear the requirements for rectification, provide training to them, and assist them in optimizing their own management. We also follow up the rectification of suppliers through corrective action plans, and continue cooperation if the suppliers reach compliance. In addition, for suppliers that have triggered major violations such as "zero-tolerance" and failed to rectify the situation in a timely manner or still failed to meet the requirements after improvement, the supplier will be disqualified after the approval process and will be denied the opportunity of cooperation for two years.

CREATING VALUE THROUGH WIN-WIN COOPERATION

Key Performance in 2022



During the financial year, we conducted social responsibility audits over **70** tier 1 suppliers, over 35 tier 2 suppliers and over **3** tier 3 suppliers, covering environmental and social metrics including labor management, health and safety, labor right, green production, etc. We did not find any material violations during audits. Among them, over **50** suppliers received third-party audits on SLCP, BSCI, WCA and other programs.

According to the audit results, some suppliers had violations related with chemical safety, fire safety, overtime hours, overtime pay and other issues. Based on the results, we provided improvement guidance and assisted the suppliers in making improvement plans on fire prevention, protection of labor rights and other items, required them to complete the rectification on time, and tracked the progress of rectification through corrective action plans.

employees, and pursue mutual growth with our supplier partners through targeted empowerment training.

We respect suppliers' opinions and suggestions, and through various channels and methods such as visits, online communication, offline seminar, audit interview, website, and WeChat group, we strive to create a harmonious, regular, and transparent communication environment, establish a sound communication mechanism with suppliers, explore the direction for optimizing supply chain management, and jointly build a more stable and sustainable supply chain.

At the same time, we attach great importance to the lawful rights and interests of our suppliers and employees, and believe that a sound working atmosphere is the cornerstone of a harmonious and stable supply chain. Suppliers and their employees can report any violations of the "Code of Conduct for ANTA Group Suppliers" or any potential violations of human rights or environmental hazards through the ANTA CSR mailbox or employee care hotline. We take necessary measures to protect the privacy of suppliers' employees who report in good faith, strictly prohibit any threatening, intimidating, coercive and other retaliatory acts against the complainants, and promptly intervene in the accepted case and communicate with the suppliers to conduct investigation. We take targeted measures to improve our performance and resolve the reasonable and legitimate demands of the complainants, protect their rights and interest, and step up to our responsibility in the supply chain.

Supplier fire safety assessment and improvement



During the financial year, we conducted a fire safety assessment for our suppliers and found a number of key risks in some factories such as "three-in-one" dormitories with chemical storage, cable shacks connected to many inactive cable lines, and lack of automatic fire extinguishing systems. We have offered suggestions for improvement for each point of risk: keeping liquid chemicals in a hazardous chemical warehouse away from the dormitory; using tubes to connect the cable shacks with the cable lines; installing more dry powder fire extinguishers, spraying equipment and automatic alarm systems. Our auditors will continue to follow up on the corrective measures to ensure that the risks are properly addressed and improve protection for the health and safety of the workforce.

We proactively share our industry knowledge and best practices with suppliers in order to improve their overall performance. To improve suppliers'

Supplier Communication and Training

We always believe that a strong relationship with suppliers is based on friendly communication between the two parties. We provide communication

and compliant channels for suppliers and their employees, make continuous improvements in the process of supply chain management based on the feedback of suppliers and their employees, boost the sense of belonging and satisfaction of suppliers and their

Multiple training sessions empowered suppliers to improve ESG performance



During the financial year, we organized 14 training sessions and seminars, empowering over 200 suppliers. The training sessions on ESG-related topics included the following:

- Launch of ESG session on supply chain, boosting suppliers' awareness and understanding of basic ESG concepts and our medium and long-term ESG development goals;
- Seminar on best ESG practices in the supply chain, providing case studies and references to improve suppliers' ESG management practices;
- Introduction of environmental data collection, ensuring standardized supplier data collection and improving the environmental data management capability of the whole supply chain;
- Three training sessions on social responsibility compliance for footwear, apparel and accessories suppliers, helping suppliers familiarize themselves with the mechanism for project audit and building stronger awareness of compliance management.



compliance and help them understand our quality and social responsibility standards, we have developed a training and awareness program and hold regular training sessions and seminars for suppliers on topics such as quality verification, pre-production risk verification, integrity and self-discipline, labor management and rights, data and information collection, etc., to further

enhance suppliers' understanding of product and service quality, social responsibility code of conduct and other requirements, and continuously empower suppliers to improve their management capabilities in various aspects.

In addition, we collaborated with peers and non-governmental organizations

Key Performance in 2022



Number of external certifications received by our suppliers

ISO 9001 certification standard on quality assurance: **257**

ISO 14001 international certification standard on environmental management: **184**

ISO 45001 certification standard on occupational health and safety management systems: **111**

Bluesign® certification: **38**

on supplier empowerment to explore, mitigate, and address potential risks in the supply chain, in an effort to reduce the operating costs for suppliers and ourselves, and enhance the overall competitiveness of the supply chain. In our collaboration with WWF on sustainable development and supply chain transformation in the textile industry, we have encouraged 15 fabric and five mesh suppliers to actively engage in energy conservation and emission reduction, and introduced the FAIS water efficiency system to optimize the management of water resources, in an effort to reduce the negative impact of the supply chain on the ecological environment and promote the green development and transformation of the supply chain in the textile industry.

We also support suppliers to obtain certification in environmental management, health and safety, and product quality to jointly build a sustainable supply chain.

CREATING VALUE THROUGH WIN-WIN COOPERATION



Sustainable Sourcing of Raw Materials

Responsible Sourcing

Following the country's policy direction of green development, we are actively fulfilling our responsibility of environmental protection, exploring green materials in the value chain, and gradually increasing the sourcing of sustainable raw materials, in order to reduce the environmental impact of our products throughout their life cycle, and move toward the strategic goal of using sustainable raw materials for the manufacturing of 50% of our products by 2030.

We are committed to promoting a green supply chain and prioritizing the use of raw materials, products and services that are resource and environment-friendly, safe and healthy. Cotton, leather and other materials and their finished products are widely used in our apparel and footwear products, but the cultivation and production of these materials have both environmental and social impacts: cotton cultivation and processing not only requires large amounts of water, but the use of pesticides and chemical fertilizers may also cause deterioration of soil and water quality in the surrounding environment; the leather production process generates a large amount of heavy metals, organic solvents and waste gases, and other hazardous wastes. Their leakage or

improper disposal will increase the environmental burden and health threat to the society. Therefore, in order to reduce the potential environmental and social impacts of plantation and production, we commit to increase the sourcing of responsible leather and cotton materials, and prioritize the selection of suppliers certified by the Leather Working Group, the Global Organic Textile Standard and other relevant international standards. We set target on continuously increasing the procurement and use of sustainable and traceable cotton and leather materials, and continue to encourage suppliers to obtain relevant certifications so as to keep our production process in line with environmental, health and safety standards.

In order to convey our abiding commitment of green development to suppliers, we launch training program and regularly conduct training and advocacy sessions on responsible supply chain, and explain our requirements of green supply chain management to our suppliers. With training sessions covering topics including responsible land management, water reduction, and chemical and production of responsible leather and cotton, we aim to further raise suppliers' awareness of social responsibility management and work with them to create a green future together.

Raw Material Traceability

In order to ensure the safety and reliability of our products, we will gradually improve the traceability procedures from raw materials to final products, and continuously increase the proportion of products whose materials can be traced back to their places of origin, so as to ensure compliance with production standards and responsible

Key Performance in 2022



LWG Gold certified leather materials are used in **100%** of ANTA's and FILA's footwear leather products, and all of them can be traced to their place of origin.

Organizing training on sustainable leather production process to improve the environmental performance of leather material production



In September, we launched training on environmental protection and water conservation for all leather suppliers, encouraging them to minimize the use of fresh water in the leather tanning process, eliminate the discharge of untreated sewage sludge, and actively carry out water reuse and other maximized emission reduction actions. We also require all leather suppliers to set water conservation and reduction targets according to the actual situation of their enterprises.

In November, we conducted training for all leather suppliers on material chemical safety and the technical requirements for chemical safety, explained the hazard and control methods of key chemical substances in the leather tanning process, and enhanced suppliers' awareness of chemicals-related regulation by presenting external cases of chemical risks, conducting internal inspections on chemicals-related violations, introducing measures for dealing with non-compliant products and adopting plans for prevention and improvement.

management requirements throughout the process, and fulfill our commitment of providing customers with safe, healthy and high-quality products. In addition, in order to ensure effective and reliable traceability of raw materials, we have customized the scope of traceability and assessment standards according to the special features of different products and materials, and formulated targeted action plans on traceability, including traceability of recyclable yarns using the trace element method. We also continuously improve the raw material traceability platform, and strengthen information sharing in order to gradually move toward digitized raw material traceability.

Growing Together with Partners

We work together with our core retail channel partners to build retail channels, high-quality products and digital operation management model by empowering digital upgrade. We process information on multi-brand products, supply chain, retail channels and customer demand, and conduct sourcing, production and sales and other businesses to fully enhance market efficiency and promote brand upgrade at the retail end. In addition, we provide digital training and seminars for our staff, distributors and store employees to promote the understanding and application of digital transformation and related tools, and bolster high-quality business development.

DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

SDGs goals addressed in this chapter



ESG issues addressed in this chapter

Human rights and labor rights
Staff development and training
Staff welfare
Health and safety
Diversity and inclusion

Employees are the cornerstone of the enterprise's long-term development. We regard talent as the most valuable aspect of our core competitiveness, respect the fundamental rights and interests of our employees, and strive to create an equal, inclusive, healthy and safe working environment. We stand committed to building a training system for diversified talent development, attach importance to employee growth, and we strive to create a better future with them.

Employment Management

Employment Compliance

We strictly abide by the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Regulations on the Prohibition of Child Labor", and other laws and regulations on labor and employment. We have developed internal management policies, such as the "Social Recruitment Management System of ANTA Group", the "Campus Recruitment Management Regulations", and the "Internal Recruitment Recommendation Management Policy", to standardize recruitment management processes such as job opening, interview screening, and offer approval. We sign labor contracts with our employees and strengthen the management of employment compliance, all in an effort to protect employees' labor right as well as other fundamental rights and interests, resulting in fair and compliant employment, as well as sound and stable employment relationship with our employees.

Key Performance in 2022

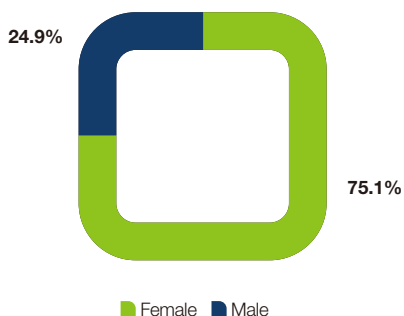


During the financial year, we did not have any major violations of labor and employment laws and regulations.

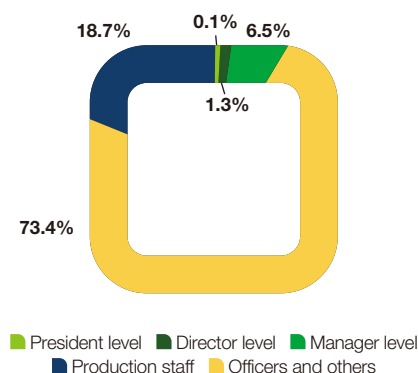
As of 31 December 2022, We had **59,000** employees¹, with male and female employees accounting for **24.9%** and **75.1%** respectively of the total, and female executives (director level and above) accounted for **36.1%** of total executives.

¹ Excluding other types of workers, such as temporary workers, trainees and interns employed by our directly operated and managed businesses

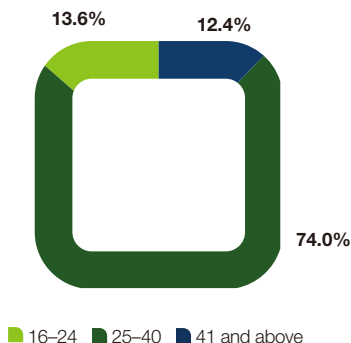
Percentage of Employees by Gender in 2022



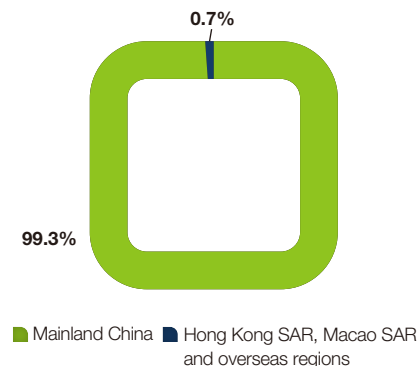
Percentage of Employees by Rank in 2022



Percentage of Employees by Age Group in 2022



Percentage of Employees by Geographical Region in 2022



Talent Acquisition

An extensive pool of talents is the driving force of our development. We continuously improve the recruitment management system, standardize the recruitment processes, make annual recruitment plans for university graduates and key positions based

on our business demand, and attract industry elites through multiple channels, such as campus recruitment, community recruitment, executive search firms, and employee referrals. In the meantime, we conduct human resources analysis according to our corporate strategies and characteristics of various job vacancies to identify the talents needed,

put the right person in the right job, and achieve efficient and precise talent recruitment. In addition, based on our business needs, department planning, and supply and demand in the talent market, we prioritize localized recruitment and actively create employment opportunities for local communities.

DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

During the financial year, we received the following best employer awards:

Award name	Award institution
China's Most Attractive Employers Top 3 (Fashion, accessories and luxury goods)	Universum
China's Most Attractive Employers Top 100 (By business/commerce students)	
Best ESG Employer 2022	Aon China
2021 China Best Employer	Zhaopin

Applying People Analytics to Achieve Effective Workforce Planning



We introduced third-party assessment tools in the evaluation of our future talents, conducted personality tests on our employees and assessed the comprehensive quality of our management personnel, in an effort to build a customized talent management system. We gathered information about the reasoning ability, management ability, professional personality, and organization loyalty of the personnel under evaluation, and applied the test results to different scenarios such as recruitment and hiring, executive reserve, employee performance management and strategic workforce planning.

- Recruitment and selection: We conducted personality assessment on candidates to identify the characteristic, skills, strengths and weaknesses of potential talents;
- Executive reserve: We conducted comprehensive caliber assessment for middle and senior-level management personnel to analyze their ability and willingness, and make timely adjustment in their positions;
- Employee performance management: We analyzed all employees' personal abilities and training status, introduced a personal caliber assessment scale, provided employees with feedback and development suggestions based on the assessment results, and urged them to seek self-improvement;
- Strategic workforce planning: We applied the results of human resources analysis to the formulation of strategic workforce planning, to identify key positions and talent gaps, and push for the upgrade of the talent management system.

Respecting Employee Rights

Respecting Human Rights

As a member of the United Nations Global Compact, we abide by all internationally recognized human

rights policies outlined in the "Universal Declaration of Human Rights" of the United Nations and the "International Bill of Human Rights", and formulate internal policies abide by the core conventions of the International Labor Organization and the United Nations Global Compact in the area of labor management. According to our policies, we fulfill our

responsibilities in the areas of human rights and labor standards, fully protect the lawful rights and interests of employees, and respect the basic rights of our employees, such as freedom of association, collective agreements, minimum wages, and maximum working hours. We promise not to engage in any acts that disregard or trample on human



rights, and we prohibit child labor and forced labor, oppose discrimination, and oppose human trafficking.

Prohibition of Child Labor and Forced Labor

We prohibit child labor or any form of forced labor in any of our operations, and introduce an Identity card verification system combined with manual verification at the time of recruitment and entry to ensure that employees meet the minimum working age requirements set by law. In the event that child labor are recruited by mistake, we will immediately stop the work of the employee involved, conduct a health check, and report the case to relevant authorities for further investigation. Once child labor is confirmed, we will pay the full amount of their salary and send them safely to their family or guardian. We see child labor and forced labor as a zero-tolerance item in our suppliers' initial screening

Key Performance in 2022

We had no illegal employment incidents, or no child labor or forced labor, and received no complaints about human rights issues.

and review process. In case of any violation, we will immediately terminate the cooperation process.

Collective Agreements and Freedom of Association

We are committed to protecting the rights of all employees to collective agreements and freedom of association, and properly managing labor relations. According to "The Trade Union Law of the People's Republic of China", we

have established the trade union and all employees can join the trade union and express their views through the trade union. Currently, we have over 3,000 employees joining the trade union.

Diversity and Inclusion

We attach great importance to the diversity of our employees, and advocate a corporate culture of respect, inclusiveness, diversity and openness. As the "Employee Handbook" explains, there must be no discriminatory treatment in recruitment, salary, promotion or development of employees based on gender, age, nationality, religious belief, complexion, race, ethnic group, sexual orientation, political affiliation, family background and health or other social identity. We continue to promote gender equality and equal pay for our employees, and increase the percentage of women in senior management.

We do not tolerate any form of discrimination or harassment in the workplace, and have a clear mechanism for punishing and redressing acts of discrimination and harassment in our "Rewards and Discipline Policy". These efforts protect employees against discrimination and harassment, including physical, verbal, sexual or psychological harassment, abuse or threats. We offer employee training programs such as "Healthy Workplace – Say No to Sexual Harassment in the Workplace" to help employees learn about the protections provided by the Company and raise their awareness of self-prevention.

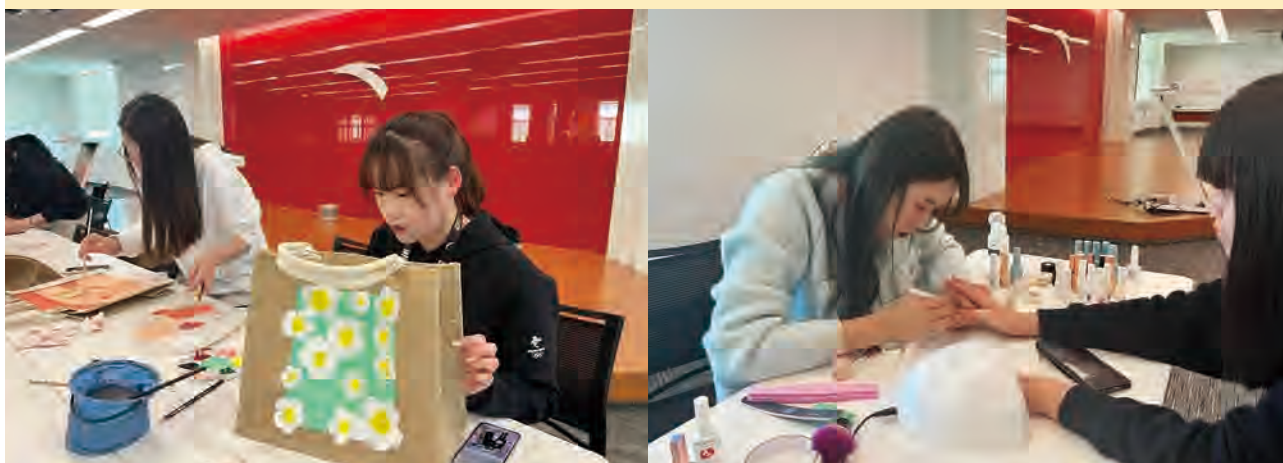
DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

Women's Day Special Activities, Salute to the She-power



On Women's Day, all our departments actively launched themed activities to create a harmonious and pleasant working atmosphere for female employees and pay tribute to all the hard-working women in various positions.

We picked nearly 100 female model workers from all business departments and publicly promoted their exemplary work as a way to recognize women's achievements in the workplace and shape a culture of love and respect for work. The Group's production departments also publicized the exemplary performance of female employees in each product line. They used their she-power to lead their teams through difficulties, or blend their personal growth with career development, achieving mutualism with the production department in their own professional fields. In addition, we also held Women's Day activities in various departments, sending women employees beautiful gifts and offering flower arranging, manicure and handicraft courses to make life more colorful for them in their spare time.



To assist foreign employees in adapting to life and work in China, we have introduced a bonus incentive mechanism to encourage them to learn Chinese, and arrange for them to take part in the standardized national Chinese proficiency test. During the

"ANTA Forum" and other activities, we also provide simultaneous interpretation for our foreign employees, so that they can better understand the content of our activities and fully integrate into the ANTA family.

Key Performance in 2022



During the financial year, we received no complaints about discrimination or harassment in our workplace.

Employee Communication

We value the opinions of our employees, actively listen to their voices, and provide open feedback channel for them. We encourage employees to actively make suggestions and report complaints in real names or anonymously. Employees can contact the relevant departments through online and offline channels such as suggestion box, cloud platform, mailbox, hotline, and the official WeChat account of “ANTA Integrity”. After receiving feedback or complaints from employees, the department concerned will send emails to the business unit for investigation and follow-up, so as to effectively respond to and help employees solve their problems. For example, in the process of personal performance appraisal, if an employee disagrees with the appraisal result, he/she can submit the “Personal Performance Complaint Form” within two days after receiving the result. Upon receipt of the form, the relevant management staff of the Group will immediately conduct an investigation, and adjust the result of performance if appropriate based on the conclusion of the investigation.

In addition to the regular feedback channels, we have also established special communication platforms such as interview with senior executive, “ANTA Forum”, “ANTA Youth” WeChat public account, message board on the corporate culture website, and the “Youth Observation” section of “ANTA Youth”, to bring executives closer to employees and better listen to the voices of young employees.

We commission a third party to conduct an employee engagement survey annually using the Kincentric model to understand employees’ opinions and

satisfaction in various aspects, such as remuneration and benefits, promotion and development, and management system. We track the engagement performance over each year, analyze its drives, propose optimization plans based on the survey results and coordinate the implementation by each department, in order to protect employees’ rights and interests, and continuously improve employees’ satisfaction and sense of belonging.

During the financial year, we proposed a strategic vision of improving employee engagement and set annual targets. Based on the results of the 2021 survey, we identified three areas for improvements, namely organizational support, recognition and motivation, and staffing and allocation. We proposed various improvement measures, such as offering salary adjustment incentives to employees with good performance, strengthening the echelon of our workforce, and rationalizing staff allocation, in order to relieve employees’ work pressure and create a positive and motivating organizational atmosphere. During the financial year, over 10,000

employees participated in the survey and the overall employee engagement score was 80%, up by 7 percentage point compared to 2021.

Employee Remuneration and Benefits

Employee Remuneration Management

We are committed to providing fair, reasonable and market-competitive remuneration and benefits, giving full play to the motivating effect of the remuneration and performance appraisal system on talents, and continuously attracting and retaining high-caliber both within and outside the Company. We have established a “Remuneration Policy” applicable to all employees, and commit to provide salaries, including wages, subsidies, performance-based bonuses and benefits, above the national minimum wage standard. Every year, we make appropriate adjustment to the salary and benefits we provide to our employees in accordance with the salary level in the market and our business performance.

We continuously implement our scientific and effective performance appraisal model. Based on the characteristics of each position and our business development, we implemented a monthly and semi-annual performance review mechanism, and linked strong performance-based incentive pay to employees’ evaluation results, in accordance with management policies such as the “Management Policy for Individual Performance”, “Management Policy for the Individual Performance of Group Production Employees below the

Key Performance in 2022



We commissioned a third party to conduct employee engagement and satisfaction survey with the overall score as **80%**, up by **7** percentage point compared to 2021.

DIVERSITY AND INCLUSION

FOR PEOPLE-CENTERED DEVELOPMENT

Manager Level”, “Management Policy for Excess I incentive”, “Management Policy for E-commerce Platform Staff”, covering all employees at different levels. In addition, we grant stock awards to our employees to recognize their contributions to us, and retain high-caliber talents to support our high-quality development.

Employee Welfare Management

In accordance with national and regional laws and regulations, we have formulated the “Welfare Management Policy” and other regulations, and established a comprehensive welfare protection system. In addition, we have actively introduced broad range of non-

statutory benefits and expanded the coverage of benefits to all employees to continuously improve employees’ welfare. We care for employees in need and their families, and actively provide a wide variety of activities to enrich employees’ life in their spare time, and create a corporate atmosphere of shared values and responsibilities.

Statutory benefits	Leave entitlement: statutory holidays, weekends, sick leave, work related injury leave, personal leave, marriage leave, bereavement leave, annual leave, leave in lieu Social insurance: basic endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund
Health protection	Medical protection: medical care plan, including special health check for workers on special jobs, and supplemental medical insurance Psychological counseling: psychological counseling hotline, psychological counseling appointment Health knowledge promotion: bulletin boards, brochures, health knowledge contest, etc. Workplace facilities: gymnasium
Maternal and child care	Medical protection: additional breast ultrasound, digestive and two cancer examinations, urinary ultrasound, etc. for most female employees Leave entitlement: All employees can apply for maternity leave, and female employees are entitled to breastfeeding leave Workplace facilities: The mother-and-baby room is equipped with a baby care table, crib, refrigerator and sterilizer; the staff dormitory is equipped with rooms for pregnant women and rooms for visiting relatives Health knowledge promotion: online communication platform for maternal and child health services, female health seminars
Employee support	Charity subsidy: “Hemin Health Assistance” program helps employees whose families face special financial difficulties due to major diseases or unavoidable disasters Academic support: “Hemin Student Sponsorship” program provides support for employees whose children have been admitted to colleges and universities but face financial difficulties at home Care for employees with disability: We have set up some special positions for people with disability, and arranged work stations according to employees’ physical conditions. For example, employees with hearing and auditory disabilities work in the same area, and employees with mobility difficulties are put in convenient positions on the first floor

Housing support	Supplementary housing: All employees can apply for welfare housing and staff dormitories, and married employees can apply for family suites Housing subsidies: The “Sweet Home Plan” provides mortgage assistance and assistance in housing subsidy application for employees
Other benefits	Holiday benefits: employee holiday benefits; special events on the Spring Festival, Women’s Day, Mid-Autumn Festival, and other holidays Additional subsidies: service subsidy, meal subsidy, kilometer subsidy Anti-epidemic protection: gift packs, supplies, text-message wishes

From Isolation to Work, We Protect Shanghai Employees with Our Heart



During the financial year, we continued to provide care for our employees in need, helping them navigate through the challenge of pandemic. From isolation to work, we faced up to the difficulties and provided all-round protection for our employees. At the height of the pandemic in Shanghai, when material supplies were seriously disrupted, we launched a special welfare campaign to show our care for employees, giving out more than 2,000 gift packs of vegetables and other supplies to employees in 14 districts in Shanghai, and distributed supplies to employees’ relatives who were in need of assistance in Shanghai. After the pandemic situation stabilized in the city, we prepared a nice gift for each and every employee who returned to work, and organized a “Good to See You” group activity to send the best wishes from all of our employees to our colleagues in Shanghai.



DIVERSITY AND INCLUSION

FOR PEOPLE-CENTERED DEVELOPMENT

Employee Development and Training

Training System

To ensure the long-term development of the enterprise, we have invested substantial resources to build an employee training system, and continue to build a talent pool that can adapt to our business development needs. We have formulated the “Training Operation Management Policy”, “ANTA Fresh Graduate Training Management Policy”, “Lecturer and Textbook Management Policy”, and other training policies, to clarify the training operation process and lecturers’ responsibilities and form a well-rounded internal talent training system. Based on the characteristics of the positions and business needs, we have set up special skills training and academic and leadership improvement programs to strengthen the business foundation of our employees. In line with the trend of sustainable development, we have also launched various training programs related to ESG issues to broaden the knowledge spectrum of our employees.

To enhance the quality of training, we actively collect feedback from employees on training programs through feedback channels such as satisfaction surveys, pre-training questionnaires and training and learning feedback forms, and make timely adjustment to the training content.

Key Performance in 2022
(Excluding Quanzhou Athletic Shoes & Garments Co., Ltd)



- ANTA Academy cooperated with various departments to develop talent development programs, covering over **90%** of employees
- Average training hours per employee exceeded **29** hours per year
- Total investment in employee training exceeded RMB**20** million

Specialized skills training

By sorting out the workflow of key positions, required professional competencies and characteristics of the positions, we divide the courses into three main categories, namely leadership, professionalism and general competence, to help employees understand the our rules and policies and corporate culture, and build their team management and project management skills. We also work with higher education institutions and introduce their high-quality courses to enhance the professional competencies of employees for specific positions.

Name of school-enterprise cooperation training program	Program description
“Tsinghua Academy of Arts & Design Master’s Forum”	With a focus on the theme of “Blending Art with Science”, the program provided cutting-edge art insight for more than 3,000 participants in design and planning-related positions of the Company.
“Donghua University x ANTA Micro Forum on Material Science Innovation”	The program focused on the research of innovative sportswear products and the development of employees’ innovative management skills, targeting at positions related to materials, process, technology, quality, products and design, and around 700 employees took part in online learning under the program.

Improvement in degree program

We provide continuing education resources for our employees, encouraging all employees (including part-time and contractors) to pursue the improvement in degree program. For management-level employees, we encourage them to pursue MBA/

EMBA programs. For the supply chain, we have set up college and bachelor's degree upgrade programs and encourage employees in need to sign up. For the production department, we have launched "Binary Education Upgrade" classes with junior colleges such as Liming Vocational University and Quanzhou Huaguang College, and a

total of 120 employees have successfully graduated from these classes. In addition, we have launched an education upgrade program with Huaqiao University, covering fine arts, visual communication design and product design, with a cumulative enrollment of approximately 17 employees.

Name of program	Target group	Purpose of training	Content of training
"TOP 150" Programme	Senior management	We set up committees for different types of "TOP 150" talents in order to select, assess, train, and cultivate the global vision, strategic planning and diversified management capabilities of employees.	- Improvement in degree - Participation in industry forum - Visit to outstanding peer companies - Job rotation
"Champion Class" Programme	Backbone employee at intermediate level	We set up an "Interview Committee" to select the participants of the program, focusing internally on young and talented employees with strong overall ability, and externally recruiting outstanding talents graduated from top business schools in China and abroad. The Chairman will personally serve as the class instructor to cultivate the underlying business logic and general management skills of the selected employees.	- Lecture, action learning, online learning, book sharing, business assessment, etc. - Regular meeting opportunities with the Chairman
"Olympic Star" Programme	Outstanding young employees	We select employees with managerial potential from all the new recruits through a horse-race mechanism, and have them personally coached by senior management. Those with outstanding performance in the bi-annual assessment will be specially promoted to build up their loyalty to us.	- Pressure training - Leadership development - Complex project management - Virtual team management

DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

Leadership Development Program

We have a comprehensive succession planning and leadership development program and a well-structured training system for building a competent workforce, covering all employees. We have designed a talent development plan for key positions at three different levels, including the profiling of talents, selection of future talents, and criteria for bi-annual evaluation.

In order to build the leadership skills of employees, we analyzed the leadership behavior data of nearly 2,000 employees over the past two years, and, with reference to the results of employee engagement survey and interviews with senior management, identified the areas of their improvements, and designed a leadership program named “Team Leader Squad”. Based on the results of 360-degree behavioral assessment of the trainees, the program identifies the trainees’ weaknesses, organizes learning and training through skills coaching, 1-on-1 external coaching, coaching practice, employee dialogue on career development and other means, and ultimately helps the trainees improve their ability as team leaders. The leadership program “Team Leader Squad” was selected into the 2021 “Branded Learning Programs Development” project of the “Training”, and won the Learning Program Award at the Bund Human Resources Summit during the financial year.

ESG Training

We attach high importance to the learning of ESG knowledge and conceptual development, and organize employees to study the annual ESG report to help them understand the ESG initiatives. We have included a number of ESG-related courses in our employee training system, including the “Compulsory Course on Anti-Corruption Audit”, “Compulsory Course on Information Security”, “Innovation and Sustainable Development”, “Green Action Guide” and “Special Course on Personal Information Protection”, covering ESG issues such as business ethics, information security, sustainable development and green office.

Promotion Mechanisms

To promote the identification, appointment and development of talents, we provide multi-dimensional career development channels for employees in offices, retail channels and factories in accordance with our internal promotion policies, such as the “Policy on Promotion Management” and the “Policy on the Ranking Adjustment of the Group’s Retail Staff and Store Managers”. We are committed to establishing a more streamlined, effective and flexible promotion mechanism.

We provide equal promotion opportunities to all qualified employees based on their work performance, training results, and appreciation of our corporate culture. The conditions for promotion are unified and open, and the promotion results are made public to all employees. Moreover, for outstanding employees with high potential and those who have made outstanding contributions to us, we provide them with exceptional promotion opportunities. In addition to regular promotions, we also encourage employees to log on to our internal Employee Career Development Platform at any time to achieve promotion and personal development through open competition for job vacancies within the Group.

Occupational Health and Safety

Production Safety Management System

We make sure that our business operations comply with all regulatory requirements, and strictly abide by the “Law of Prevention and Control of Occupational Disease of the People’s Republic of China”, the “Production Safety Law of the People’s Republic of China”, the “Regulations on Work-Related Injury Insurance”, and other national laws and regulations. In accordance with the “Environmental management systems – Requirements with Guidance for Use” (GB/T24001-



Key Performance in 2022



ANTA (China) Co., Ltd. has passed the GB/T45001-2020/ISO 40051:2018 Occupational Health and Safety Certification and the Certification of Level-3 Enterprise of Production Safety Standardization.



2016) and the “Occupational Health and Safety Management Systems – Requirements with Guidance for Use” (GB/T45001-2020), we have formulated a number of regulations, including the “Manual on the Environmental/ Occupational Health and Safety”, the “Occupational Health and Safety Regulations, the Operation Control Procedures on Environmental and Occupational Safety”, and we are

committed to continuously refine our occupational and health security management system.

Our occupational health and safety management is oversight by a designated executive, and management representatives report regularly on performance and improvement needs. Our employee representatives are responsible for collecting and reflecting the views of employees on occupational

health and safety matters and participate in the discussion of major occupational health and safety issues.

The Group’s administrative department leads the day-to-day management, defining the process of the occupational health management system and assigning functions to each line, and setting up an occupational safety leadership team at each site to hold regular internal discussions on

DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT



occupational health and safety issues. We have set a safety target of “zero casualties”, and employee injuries, including mechanical injuries, accidents in team-building activities, and accidental injuries, are all linked to the performance of management staff of the department. In the case of work-related injuries that fall within their scope of responsibilities, the relevant management staff must immediately deal with the accidents, and his/her performance appraisal points will also be deducted according to the rules.

Safety Prevention and Control

In order to build a safe workplace, we strengthen hazard prevention and control, monitor the inducing factors of occupational disease, and submit reporting on the occupational hazards in the workplace on an annual basis. We hire a third party every year to perform occupational health inspection in the production area and conduct specialized technical inspection on dust, noise and other factors. We arrange daily checks and night inspections, organize monthly inspections on the fire protection system,

and regularly maintain production facilities and the use of equipment by our employees. We have also introduced automated technology equipment and put in place a full-fledged, front-loaded safety accident prevention system.

Safety Precautions

We provide employees in different positions with corresponding labor protective products and first-aid equipment, conduct daily supervision and correction of employees' use of labor protective products, and optimize

the work environment for our employees by upgrading exhaust equipment or air collection devices, installing heat protection equipment, and replacing oil-based glue with environment-friendly, water-based glue. In the vicinity of workplaces, work stations or equipment prone to occupational disease hazards, we set up warning signs and hazard notification cards with reference to the “Warning Signs for Occupational Hazards in the Workplace” and the “Management Regulations for the Occupational Disease Hazard Notification and Warning Sign of Employers” to remind employees to operate with caution.

Safety Emergency Drills

Every year, we formulate an emergency drill plan and organize a variety of safety emergency drills. For fire safety, we regularly conduct large-scale fire safety drills every year to enhance employees’ escape and response capability; for pandemic response, we monitor policy changes in a timely manner, prepare anti-epidemic supplies in advance, and make emergency plans; for extreme weather conditions such as rainstorm and typhoon, we carry out advance deployment and emergency control, and continuously supplement and improve the safeguard measures according to the situation on the ground.



Handling of Safety Incidents

If there is a production safety incident, we will classify the incident according to its nature, severity and scope to determine the incident-handling procedures, and produce an incident investigation report in the end of the process. The relevant responsible persons will be held accountable according to the investigation results. During the financial year, we had no incidents of violation of occupational health and safety laws and regulations.

Safety Training and Education

We regard “Safety Culture” as a foundation of production safety management of the enterprise, and conduct targeted safety education according to the job requirements for each position. We regularly organize safety training on production safety, fire safety, and occupational health safety. New employees are required to receive level 3 safety training, fire safety training, and other safety training on subjects such as the prevention of work-related injuries and machine operation regulations. Relevant personnel are also required to take part in the training for the certification of first responder or safety officer. Besides, we put up warning signs in places with potential occupational hazards, set up a safety culture promotion gallery, and carry out health and safety promotion through meetings, radio, TV, and WeChat groups to raise the awareness of health protection of all employees.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

SDGs addressed in this chapter



ESG issues addressed in this chapter

Climate change | GHG emissions
Use of energy | Biodiversity and land use
General waste discharge
Use of packaging materials
Waste gas and waste water discharge
Use of water resources

We actively respond to the national green development requirements and take the realization of green development and dual-carbon goals as an important part of our development. We identify, assess and manage climate-related risks, make timely adjustments to our business strategy, accelerate our clean and low-carbon transformation process, and commit to achieve carbon neutrality by 2050. We continuously attach importance to environment protection and the pursuit of ecological civilization, and we are committed to incorporating sustainable development into corporate activities and decision-making. We continuously promote green product design, packaging-reduction projects, and sustainable logistics. We also promote environmental impact control throughout the entire process, from production and operations to retail products to save energy and resources and reduce emissions and waste. We proactively promote green office operations and conduct various employee activities to enhance the environmental awareness of our employees and their families.

Combating Climate Change

We are aware of the risks that climate change brings to our business and are committed to addressing climate change-related risks and seizing climate-related opportunities. Based on the

recommendations of the TCFD and with reference to “Guidance on Climate Disclosures” by HKEX, we are working on climate change in four key areas, namely Governance, Strategy, Risk Management, Metrics and Targets. We incorporate the identification, assessment and management of

climate risks into the our strategy and risk management system in an effort to effectively manage our opportunities and risks associated with climate change.

At the same time, we pledge to actively use clean energy, improve energy efficiency across the board, reduce carbon emissions in production and

operations, and collaborate with upstream and downstream partners to address climate change risks and reduce the potential impact of climate related risks, through both management and technological innovation in accordance with the United Nations' SDGs. During the financial year, we have established a climate change governance framework and produced a list of potential climate risks under different climate scenarios in accordance with "Guidance on Climate Disclosures" by HKEX. In the future, we will continue to promote the identification of climate change risks and opportunities, deepen the analysis of their impact on business, strategy and financial planning, improve the construction of risk management systems and processes, refine risk management metrics and targets, and set up specific actions for climate risk management and incorporate them into the long-term planning of business strategies.

Governance

To address climate change-related risks and opportunities, through the structure consisting of the Board, the Sustainability Committee and the Sustainability Department, we achieve effective governance. The Board has the ultimate and overall responsibility on the Group's climate change related matters, with monitoring on the Sustainability Committee's work and receipt of the committee's reporting. The Sustainability Committee is responsible the



identification, evaluation, management and reporting of climate-related risks and opportunities, aiming to reduce the negative effect of our business development and ensure the effective implementation of climate change-related work. Under the guidance of the Sustainability Committee, the Sustainability Department collaborates with persons-in-charge of each department and business unit to promote the identification and assessment of climate change risks and the implementation of related management strategies.

Strategy

In order to better understand the impact of climate change on our business, we carefully assess the physical risks, transition risks and opportunities of climate change on business marketing

of the significant component of our business. In relation to our business segments and with reference to the climate scenarios proposed by the United Nations IPCC, NGFS and other institutions, we have constructed three climate scenarios, i.e. 1.5°C scenario, 2°C scenario and 3°C scenario, for the short-term (0-5 years), medium-term (6-10 years) and long-term (up to 2050) timeframes. The scenario-based assessment of the physical environment and socioeconomic environment lays the foundation for identifying key climate parameters, and provides the basis for further identifying the actual and potential impacts of climate-related risks on our business, strategy and financial planning. We will also promote the identification and impact assessment of climate change-related opportunities based on our business development.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Climate Scenario Construction

Name of scenario	Description of scenario	Scenario of reference
1.5°C scenario	- Physical impact: Temperature rise is kept within 1.5°C, climate impacts can be clearly felt globally, but the frequency and intensity of severe climate events begin to stabilize at a new normal. - Socioeconomic impact: Climate targets and policies get strengthened in all countries, companies face more stringent compliance requirements on carbon reduction targets, green electricity use, carbon price mechanism coverage, and low-carbon procurement, global energy transformation picks up pace and a power system driven mainly by clean electricity takes shape in 2030, consumers start to pay attention to the carbon information of products and become more conscious of sustainable consumption.	– IPCC – SSP1-1.9 – NGFS – Net Zero 2050 – WBCSD – 1.5°C Societal Transformation Scenario
2°C scenario	- Physical impact: Temperature rise is kept within 2°C, climate impacts can be clearly felt globally, the frequency and intensity of extreme weather increases significantly before and after 2030, some high-risk areas are clearly affected by climate events, but governments are taking systematic adaptation measures to deal with the impact. - Socioeconomic impact: Climate targets and policies get strengthened in all countries, voluntary carbon reduction targets are issued by most enterprises, the compliance requirements for energy-intensive industries become more stringent, the carbon pricing mechanism is not expanded to more industries, global energy transformation picks up pace, consumers are more conscious of sustainable consumption but less capable of making consumption.	– IPCC – SSP2-2.6 – NGFS – Delayed Transition – WBCSD – Forecast Policy Scenario
3°C scenario	- Physical impact: Temperature rise is kept within 3°C, climate impacts can be strongly felt globally, with notable increase in frequency and intensity, climate change impacts most regions and populations in the world, and the response measures taken by governments are temporary rather than systematic. - Socioeconomic impact: The climate targets and policies adopted by countries have not been further strengthened, only some enterprises have issued voluntary carbon reduction targets, and the supply chain is not sufficiently motivated to cut carbon emissions; global energy transition is slow, clean energy is not sufficiently available, and the purchase of non-essential consumer goods by consumers is significantly reduced.	– IPCC – SSP2-4.5 – NGFS – Nationally Determined Contributions (NDCs)

In accordance with the TCFD and “Guidance on Climate Disclosures”, we have assessed the physical risks (including acute risks with short-term impacts and chronic risks caused by long-term shifts in climate patterns) and transition risks that may affect ANTA Sports, identified five potential physical risks in two categories and 13 potential transition risks in four categories, and produced a list of potential climate risks, which will be used as an important input for further assessing the impact of climate-related material risks on our business.

List of Potential Climate Risks

Type of risk		Influencing factor	Impact on business, strategic and financial planning
Physical risk	Acute risk	Typhoon	Fujian province is a typical landing spot of typhoons. Given the possible increase in the frequency of typhoons as a result of climate change, the Company is expected to experience increased number and longer days of operation interruptions, which will undermine the stability of buildings such as warehouses and campuses as well as operations, and increase the cost of infrastructure maintenance, leading to higher losses of production and operation interruptions.
		Flood	Road transportation is the main form of cargo transport in Mainland China. Increased frequency of floods may disrupt highway traffic and transportation across regions, potentially jeopardizing the stable operation of logistics and transportation.
Physical risk	Chronic risk	Extreme changes in rainfall patterns and weather patterns	Increased frequency of extreme weather patterns such as floods, typhoons and thunderstorms caused by climate change will have a significant impact on agriculture. This long-term change will visibly affect the planting patterns and purchase prices of natural fibers such as cotton, which will in turn lead to an increase in operating costs.
		Average temperature rise	The rise in average temperature caused by climate change may affect the yield of agricultural products, which may lead to a reduction in production of natural fibers such as cotton in the long term, pushing up the purchase price and eventually affecting corporate income. The increase in hot weather may lower the work efficiency of employees and jeopardize their health and safety, pushing up the expenses of high-temperature subsidies and medical care as well as may suppress public demand for outdoor sports, resulting in lower consumer demand for outdoor products.
		Rising sea levels	Rising sea levels may affect the world’s available arable land and reduce the area for crop cultivation, which will significantly affect the production of natural fibers such as cotton thus increase procurement costs.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Type of risk		Influencing factor	Impact on business, strategic and financial planning
Transition risk	Policy and legal risk	Higher pricing for GHG emissions	Under a carbon-reduction scenario, the consumer goods sector may be further incorporated into the carbon pricing mechanism in China's carbon trading market; the EU is already planning to issue a carbon border tax requirement for the textile industry. A carbon price could set the direction for the market, and encourage low-carbon energy consumption and innovation in low-carbon technologies. If the Company emits more GHG emissions than it is allowed to, it will have to incur extra operating costs.
		Enhanced emissions reporting obligations	ANTA Sports is listed on the HKEX. Currently, the HKEX requires listed companies to disclose GHG emissions, and plans to further enhance the reporting obligations related to climate risks. It is expected that before 2025, listed companies will be required to disclose information related to climate risks consistent with TCFD recommendations.
		Existing requirements and regulation of products and services	The existing requirements and regulation of products and services may drive up the cost of professional training for the Company's sales personnel. Government or industry associations may impose increasingly stringent requirements on the energy consumption standards of the products and the carbon intensity of the industry, including possible requirement for the carbon footprint label of products or carbon intensity per unit weight of product, or even requirement for the elimination of high-carbon products. The Company may also be subject to quotas of energy consumption and carbon emission in the production and operation stages.
Transition risk	Technology risk	Failure on new technology investment	The potential of transferring to industry with clean and low-carbon technology may lead to extra investment.
		Cost of low-carbon technology transition	In recent years, more and more electric and even hydrogen-driven vehicles have been used in freight transport. The replacement and upgrade cost of the freight vehicles may have an impact on the cost of this particular link on the value chain segment, and eventually pass on to ANTA Sports. As a leading company, ANTA Sports is expected to undertake greater obligations of carbon emission reduction, and make greater investment in energy-conserving and carbon-reducing technologies; in addition, new technologies and processes required for low-carbon production will lead to the replacement and iteration of existing equipment, which will bring down the value of corporate assets.

Type of risk		Influencing factor	Impact on business, strategic and financial planning
Transition risk	Market risk	Changes in customer behavior	Our customers may seek more environmentally friendly products and service experiences due to consumer preferences or policy requirements. This may lead to an increase in consumer demand for low-carbon products and require companies to push for transition in aspects such as raw materials and energy structure. If we fail to innovate our products, it may result in a loss of revenue and market share and additional investment in technology transformation.
		Rising costs of raw materials	The increased frequency of floods, typhoons thunderstorms and extreme high/low temperatures caused by climate change will push up the prices of natural fibers and other raw materials required for our production, which will increase the procurement cost of raw materials and may ultimately affect our revenue. Due to ever more rigorous requirements of environmental protection and increased policy actions, the demand for low-carbon transformation of raw materials and energy is becoming higher and higher. Suppliers will transfer the cost of environmental protection to the downstream suppliers, and the cost of energy consumption, raw materials etc., will increase due to requirement of low-carbon transitions.
Transition risk	Reputation risk	Change in consumer preference	With changing public perception and consumer preference, more attention will be paid to the low-carbon attributes of goods, which may lead to an increase in the demand for low-carbon products and affect the preferred forms of sales, such as the green design and mode of promotion adopted by the stores.
		Increased stakeholder concerns and negative feedback	More and more investors are adopting ESG investment principles, such as responsible investment principles, and closely following companies' climate change actions. They are paying closer attention to the climate risks, carbon emission performance, and carbon emission targets of companies. If we fail to take proactive steps toward decarbonization, investors may undervalue our Company, resulting in a negative impact on the company's reputation and financing costs.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Risk Management

We have incorporated climate risk management into our strategy and risk management, and the Sustainability Committee coordinates the implementation of climate-related risk management in all departments and business units. In order to cope with the risks associated with climate change, we continue to expand our

efforts and measures in areas such as biodiversity protection based on the concept of coexistence between corporate development and the environment; introduce carbon inventories to promote green and low-carbon development in the value chain and areas of consumption; set up contingency plans for extreme weather and natural disasters such as typhoons and earthquakes to ensure stable

production and operations. Following the trend of green development, we also strive to promote the low-carbon transformation of our business while enhancing climate resilience and sustainable competitiveness. Based on the scenario analysis of climate risks and the identification of key business issues, we will continue to promote the improvement and refinement of the risk management framework.

Targets

Based on the assessment of climate change risks and potential opportunities and our commitment to achieve carbon neutrality by 2050, we have, in line with our development strategy, formulated and actively promoted the **“1+3+5” strategic goals** for achieving mutualism with the environment, and will continue to promote clean and low-carbon transformation of our business, push forward green and low-carbon development in the value chain, and enhance our climate resilience and sustainable competitiveness. In the future, we will continue to improve and refine our climate change metrics and targets.

1 + 3 + 5 Strategic Goals

1

ONE OVERALL GOAL



By 2050:
carbon neutrality

3

“THREE



Product Carbon Footprint Management

Climate change has become the biggest global challenge. We have proactively responded to China's goal of achieving carbon neutrality by 2060, we worked with our upstream and downstream partners to tackle climate change, and we are committed to achieving carbon neutrality by 2050. We proactively had disclosed our GHG emissions performance for eight consecutive years, and we are committed to reducing our GHG emissions. While rapidly expanding our business, we have continued to strengthen our carbon footprint management and lead the green, low-carbon, and circular development of the industry.

Commitment to Science Based Target

Based on the goal of achieving net-zero carbon emissions by 2050, we have formally joined and pledged to support the commitment of the SBTi in January 2023. We also plan to set carbon reduction targets for our business in accordance with the SBTi standard, covering the whole value chain, including the production of our core products, upstream supplier production, logistics and retail, and take active actions to promote carbon reduction. We promise to continuously invest in the development of low-carbon products and adopt energy conservation programs to improve energy efficiency and encourage the use of renewable energy, in order to reduce carbon emissions and mitigate climate change in the production phase. At the same time, considering the requirement of Scope

3 carbon reduction from SBTi, we will expand carbon footprint calculation to include all core products, from upstream raw materials to downstream retail, and develop a comprehensive carbon reduction plan to work toward the goal of net-zero carbon emissions by 2050.

Low-Carbon Production and Operations

Conducting Carbon Emissions Assessment

In cooperation with external consulting institutions, we conducted carbon intensity assessment of our seven self-owned operating factories, three office buildings and one logistics center in accordance with ISO 14064-1:2008. Based on the results of the carbon intensity assessment, we selected two self-owned operating factories, one office building and one logistics center as pilot sites to develop carbon reduction plans.

ZEROES"

By 2030:
net-zero carbon emissions in self-owned operating facilities,
zero use of virgin plastic in self-owned operating facilities,
and zero landfill of self-generated production waste

5

FIVE "50%"



By 2030:
increase the proportion of sustainable products to 50%, replace 50% of strategic partners' energy consumption with renewable energy, use sustainable packaging for 50% of products, replace 50% of fuel used for transportation in our self-owned operating facilities with clean fuels, and apply 50% sustainable raw materials

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Energy Conservation and Carbon Reduction in Production

In order to promote energy conservation and effective use of energy, we have established an energy conservation and emission reduction management system and an energy conservation and emission reduction implementation plan. During the financial year, we conducted carbon intensity assessment of our seven self-owned operating factories to identify the sources of carbon emissions. In the meantime, based on the carbon intensity assessment, we picked ANTA (China) Co., Ltd. and Xiamen ANTA Sports Goods Co., Ltd. as pilot sites to review the existing emission reduction measures and design and evaluate possible energy conservation and emission reduction measures, including the construction of green factories and the development of distributed photovoltaic projects, with a view to promoting viable solutions to all plants. We have taken the following measures (as shown in the table) at each of our plants to improve energy efficiency in production and reduce carbon emissions.

Carbon Reduction in Logistics

We are continuously exploring various ways to achieve green logistics, and are committed to reducing the carbon footprint generated during the distribution of raw materials and products. On the basis of compliance with relevant laws and regulations, we have established internal policies, such as the “Regulations on the Management of Energy Conservation and Consumption Reduction” and the “Standardized Management Specifications for Production of Packaging Boxes”, with the aim of building a green logistics

Measures aimed at improving energy efficiency in production

- Exercised daily control of air conditioners, boilers and other equipment and control with time switch to reduce non-essential energy consumption;
- Conducted regular maintenance to reduce abnormal operation of equipment, replacing old equipment on a timely basis, and promoting energy-saving equipment such as energy-saving lamps to improve the operation efficiency of the equipment and reduce energy loss;
- Conducted monthly inspection on energy conservation to analyze the energy conservation status of each floor, and following up on the energy conservation measures and suggestions of each department in a timely manner;
- Carried out energy conservation activities such as energy conservation renovation and application of new technologies to reduce electricity usage.

Measures aimed at improving energy efficiency in logistics

- Promoted the use of clean energy and gradually replacing existing fuel vehicles with electric vehicles;
- Promoted photovoltaic power generation projects, which are already in use in some warehouses;
- Built new warehouses and rearranging transport routes to shorten the journey of cargo transport, and reduce the carbon emissions of freight vehicles.

system. We also linked the progress of energy conservation and emission reduction targets in logistics to the performance of relevant personnel to promote carbon reduction in the logistics sector with greater efficiency. During the financial year, based on the carbon intensity assessment of our logistics and distribution centers, we adopted an energy conservation and carbon reduction plan in line with our operational practices, including measures to control the use of refrigerants and improve warehouse lighting, which will be assessed for feasibility through pilot implementation and introduced to all logistic and distribution centers. We have

taken the following measures (as shown in the table) in each logistics center and the transportation process to improve energy efficiency and reduce carbon emissions.

Energy Conservation and Carbon Reduction in Office

We formulated the “Office Management Policy” and “Central Air Conditioning Turn-On/Off Control Standards” to regulate the use of energy resources as well as the minimum requirement and time for turning on air conditioning in office areas, and adopted a number of green office measures. During the

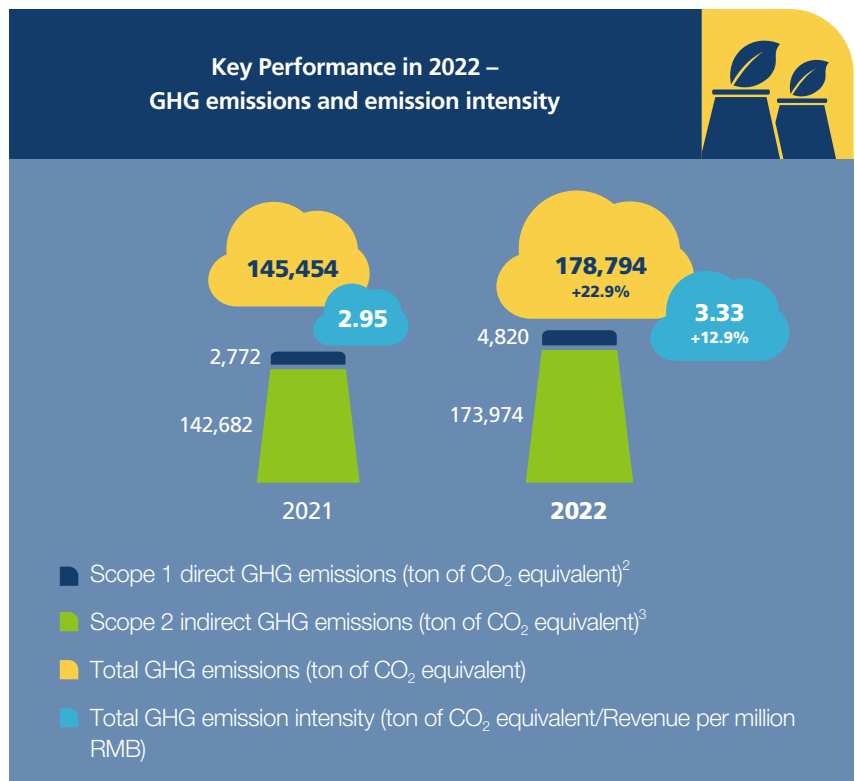
current financial year, we conducted an assessment of the carbon emissions intensity of our Jinjiang operation building and proposed potentially feasible measures to reduce carbon emissions, such as reusing office furniture and using electric office vehicles, which were evaluated on a pilot basis and gradually extended to all operation bases. We have adopted the following measures (as shown in the table) in each of our operation buildings to improve energy efficiency and reduce carbon emissions.

Management of Carbon Emissions on the Supply Chain

We are working with our core tier 1 and tier 2 suppliers to spearhead the management of carbon emissions from our suppliers. During the financial year, we started collecting carbon emission and energy use data of core tier 1 and tier 2 suppliers to access their carbon emission intensity. In addition, we actively pursued over 20 suppliers' facilities to use clean energy and renewable energy, and assisted four suppliers to obtain green certification, and promoted them to procure low-carbon and sustainable raw materials in an effort to build a green supply chain.

Sustainable Production and Operation

We comply with national laws and regulations, establish and follow a strict management system to reduce environmental pollution in our production process. We implement various green environmental measures in our production process, including waste sorting and resource conservation. At the same time, we have set up management systems in accordance with ISO 14001 and ISO 14064 standards to improve the environmental management of our production and operation processes. During the financial year, we were not subject to any environmental or ecological fine.



² Scope 1 greenhouse gas emissions are mainly from direct greenhouse gas emissions from fossil fuel consumption (such as gasoline, diesel, natural gas) during operation/production process and the refrigerants emission. The formula used to calculate the main greenhouse gas missions from fossil fuel consumption: CO₂ emissions from fossil fuel combustion = fuel consumption x low level heat generation x carbon content per unit calorific value x fuel carbon oxidation rate x 44/12, while the calculation of refrigerant emissions data refers to Appendix 27 of the "Listing Rules": "Appendix II: Reporting Guidance on Environmental KPIs". In 2022, we improved on the statistical scope of refrigerants compared to 2021, adding ANTA (China) Co., Ltd. and Quanzhou Athletic Shoes & Garments Co., Ltd. and the Scope 1 Direct greenhouse gas emissions data in 2022 increased.

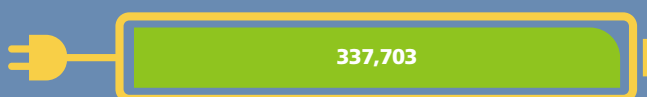
³ Scope 2 greenhouse gas emissions are mainly from indirect greenhouse gas emissions generated from purchased electricity and steam consumed in the Group's operation/production process, calculated with reference to Appendix 27 of the "Listing Rules": "Appendix II: Reporting Guidance on Environmental KPIs". The electricity emission factor 0.5703 tCO₂/MWh for Scope 2 Indirect greenhouse gas emissions in 2022 is adopted from "Notice on the management of greenhouse gas emission reporting by enterprises in the electricity generation industry from 2023 to 2025" (Huanban Qihou 2023 No.43). In 2022, we improved on the statistical scope of purchased electricity compared to 2021, adding the FILA office building and Shangqiu Anta Shoes Co., Ltd.. Additionally, the number of ANTA DTC stores increased due to business expansion. The Scope 2 Indirect greenhouse gas emissions data in 2022 increased.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Key Performance in 2022



■ Gasoline (kWh) ■ Diesel (kWh) ■ Natural gas (kWh) ■ Purchased electricity (kWh)⁴ ■ Purchased steam (kWh)



Total energy consumption (mWh)⁵

Energy efficiency measures in office areas

- Establish a regular inspection system for public office areas and conduct checks on safety risks to ensure the lowest per capita energy consumption;
- Manage the energy use of air conditioning, lighting and other equipment to ensure proper usage and conduct regular maintenance to extend their service life and improve the efficiency of resource use;
- Manage the use of paper and other office supplies, promote paperless office, and make double-sided printing as the default setting to reduce the consumption of office paper;
- Reduce GHG emissions from travel by replacing some business trips with video conferencing.

Key Performance in 2022

- ANTA (China) Co., Ltd., Shangqiu ANTA Shoes Co., Ltd., Xiamen ANTA Industrial Co., Ltd., and Xiamen ANTA Sports Goods Co., Ltd. have received the ISO 14001 environmental management system certification
- ANTA (China) Co., Ltd., Xiamen ANTA Industrial Co., Ltd., Xiamen ANTA Sportswear Co., Ltd., Quanzhou ANTA Material Supply Co., Ltd., and Changting ANTA Sports Products Co., Ltd. have passed the ISO 14064-1 GHG verification

⁴ The purchased electricity data are obtained from the purchased electricity volume of the Group's manufacturing facilities, administrative facilities, logistics facility and store facilities. In 2022, we improved on the statistical scope of purchased electricity compared to 2021, adding the FILA office building and Shangqiu Anta Shoes Co., Ltd.. Additionally, the number of ANTA DTC stores increased due to business expansion. The purchased electricity data in 2022 increased.

⁵ Energy consumption (unit: kWh) is calculated from the consumption of gasoline, diesel, natural gas, purchased electricity and purchased steam, while the calculation refers to the "General Principles for Calculation of Total Production Energy Consumption" (GB2589-2020).

Emissions and Waste

Emissions Management

We have established internal systems such as the “Wastewater Treatment Operation Procedures” to manage emissions, and taken effective measures to promote green production, including actively controlling the environmental impact of the production process and reducing the generation and discharge of pollutants. At the same time, we have commissioned qualified third parties to conduct regular inspections of wastewater, exhaust and noise to ensure compliance in waste discharge, with the goal of gradually reducing the intensity of emissions in the future.

Measures for reducing waste water discharge	Measures for reducing waste gas emission	Measures for reducing dust emission
- Using the “Coagulation and Sedimentation” process to treat wastewater. After treatment, supernatant that meets the standard will be discharged, and sludge will be dewatered and transported for disposal; - Reducing the use of chemicals, therefore reducing the loads of chemicals in wastewater treatment.	- Using environment-friendly water-based glue instead of oil-based glue to reduce the content of volatile organic compounds in waste gas; - Adopting the process of “UV Photolysis + Activated Carbon Adsorption” in treating organic waste gas to meet the emission standard.	- Equipping electric engraving machines with a pulse-jet collector to reduce dust pollution; - Adding a new cutting waste recycling device and using innovative liquid nitrogen cryogenic grinding technology, which enables full waste recycling and substantially reduces dust in our factories.

Waste Management

We abide by our “Solid Waste Management Regulations”, “Hazardous Chemicals Management Regulations”, “Hazardous Waste Pollution Prevention and Control Responsibility System”, “Hazardous Waste Warehouse Storage Standards” and other internal policies and guidance and clearly define the responsibilities of all departments. We sort and manage waste in the production process, and keep complete records of the process. In the meantime, we conduct general or key controls over our waste recycling partners, depending on the circumstances. We communicate our environmental policy to them, obtain their waste recycling and treatment results, and follow up when necessary.

Waste sorting and treatment measures

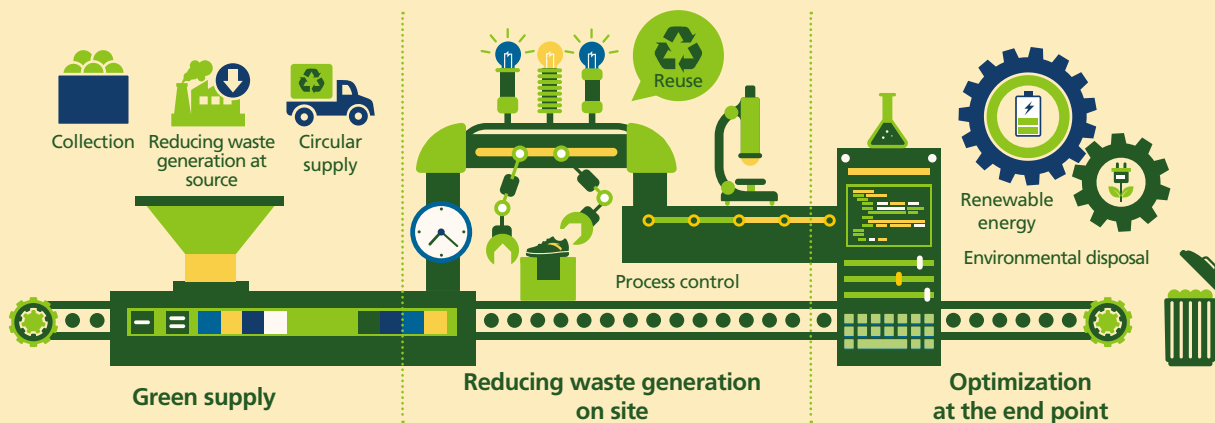
- Recyclable waste: including wastepaper and scrap metal. For these types of waste, we set up collection points where they get sorted and recovered by the waste recycling department;
- Non-recyclable waste: including domestic and engineering wastes that have no recycling value. These types of waste are collected by relevant departments for centralized disposal;
- Hazardous waste: we set up hazardous waste warehouse to keep them in storage, and commission qualified third parties to treat and dispose of them all together so as to ensure compliance with laws and regulations on hazardous waste disposal.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

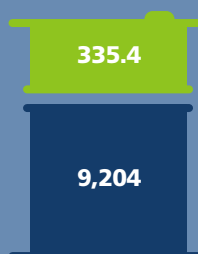
Reducing waste generation at its source



ANTA (China) Co., Ltd invested resources to improve production processes and reduce waste generation at its source. At the same time, we promote sorting and recycling of waste, and reduce the proportion of waste going to landfill and incineration.



Key Performance in 2022: Waste Production



■ Total hazardous waste produced (tons)⁶

■ Total non-hazardous waste produced (tons)⁷

⁶ Hazardous waste data are obtained from the disposal volume of hazardous waste of the Group's manufacturing facilities and administrative facilities. In 2022, we improved on the statistical scope of hazardous waste compared to 2021, adding the office building in Xiamen, the FILA office building, Quanzhou Athletic Shoes & Garments Co., Ltd., Shangqiu Anta Shoes Co., Ltd., Xiamen ANTA Sports Goods Co., Ltd. and Xiamen ANTA Industrial Co., Ltd., and the hazardous waste data in 2022 increased.

⁷ Non-hazardous waste data are obtained from the disposal volume of non-hazardous waste of the Group's manufacturing facilities, administrative facilities and logistics facility. In 2022, we improved on the statistical scope of non-hazardous waste compared to 2021, adding the FILA office building, Shangqiu Anta Shoes Co., Ltd. and Fujian ANTA Logistics Information Technology Co., Ltd., and the non-hazardous waste data in 2022 increased.

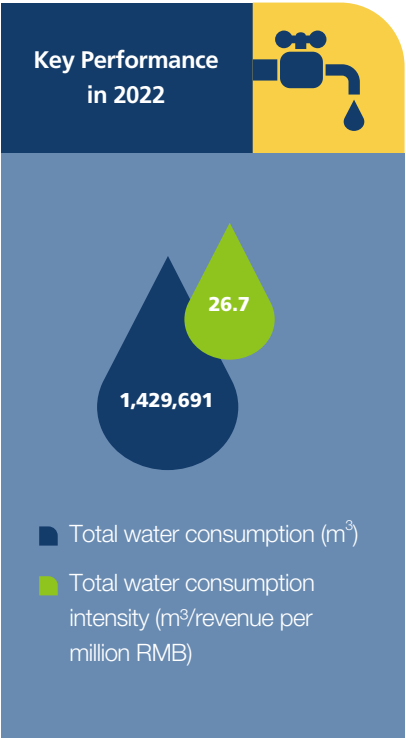
Water Resources Management

We issued the “Cost Savings Measures for Industrial Park” and the “Letter on Energy Conservation, Energy Consumption Reduction and Safe Production in the Industrial Park”, which stipulate detailed measures for reducing water use during production, and we also adopted an inspection system to ensure their implementation, with the goal of gradually reducing the intensity of water use in the future.



Measures to raise the efficiency of water utilization

- Improving the recycling rate of production water, renovating and upgrading the boiler return water piping system, and recycling steam boiler water (hot water) under the condition of ensuring water quality;
- Improving the reuse rate of domestic water, such as maximizing the use of reclaimed water for greening;
- Purchasing water-saving appliances and making water-saving improvements to existing facilities, such as using moderate-sized faucet valves and sinking filled-up bottles into the flushing water tanks in the factory toilets to take up volume and reduce the amount of flushing water needed;
- Regularly inspecting the plumbing equipment, and monitoring and analyzing water use to prevent water pipes from dripping, leaking and bursting that would result in equipment damage;
- Strengthening awareness campaigns on water conservation and posting water conservation slogans at major water-using locations to enhance employees' awareness of water conservation.



PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Sustainable Packaging

We are actively reducing the use of packaging materials from production to sales and promoting the recycling of packaging materials to reduce the pressure on resources and the

environment. We define sustainable packaging as biodegradable or recyclable plastic packaging made of reused or recycled materials, as well as paper packaging made of reused or recycled materials that can either be recycled or has FSC certification, and

we are actively promoting the use of sustainable packaging for our branded products, reducing the use of virgin plastic packaging and continuously increasing the proportion of sustainable packaging for our products.



Promoting Packaging Reduction

- Reducing the use of packaging paper, redesigning the specifications of packaging paper, standardizing the size of packaging cartons used in our supply chain, logistics and stores, and minimizing the use of tags, isolation paper for apparel packaging and packaging cartons;
- Using crates, instead of cartons, for internal circulation in the factories; improving the reuse rate of cartons in logistics, such as recycling cartons after shipping them to self-owned operating factories;
- Improving in-store displays to reduce the use of packaging materials.

Promoting Sustainable Packaging

- Using degradable paper or recycled paper as shoe packaging and stop using plastic bags for 99.9% of our shoe products;
- Using environment-friendly wax rope instead of transparent buckles, recycled polyethylene moisture barrier bags and polyethylene tape.



Key Performance in 2022



- Total packaging material consumption during the financial year was **24,064** tons
- More than **50%** of FILA's footwear products (including shoebox, tag and wrapping paper) have used sustainable packaging
- **100%** of DESCENTE's shoes packaging paper and paper shoe tree have received FSC and GRS certifications respectively

Change to light packaging helps preserve our green homeland



The green development of packaging products is an important part of our low-carbon operation. We have introduced changes and upgrade to product packaging in order to realize the goals of reduced use, light weight and recycling. Through the coordinated efforts of all departments, we have successfully upgraded the sustainability of shoe boxes and shopping bags: the shoe box, which was reduced from five layers to three layers, with added weight for each layer, now weighs only 510 grams, down by about 15% from the original weight of 600 grams, and the weight of each shopping bag was reduced from 120 grams to 100 grams, down by about 16%. The sustainable development upgrade of shoe boxes and shopping bags helps to reduce carbon emissions and conserve water and electricity, while also reducing costs.

PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Biodiversity Conservation

As a global strategic partner of WWF, we have been promoting the conservation of biodiversity for many years. We are committed to identifying and managing our business activities' potential negative impacts on biodiversity and ecosystems in accordance with global biodiversity conservation goals and the "Regulations of the People's Republic of China on Nature Reserves", and we are committed not to engaging in deforestation.

Co-organizing the Panda Tour in Xiamen together with the One Planet Foundation



In October, on the occasion of International Panda Day, we co-organized "Panda Tour in Xiamen" together with the One Planet Foundation. During the event, the paper sculptures of pandas made their debut in Xiamen, and 30 employee volunteers participated in the organization work on site. The event effectively raised public awareness of biodiversity conservation and made a call to the public to join in the protection of endangered wildlife species.





Protecting the Yangtze River Dolphins, “Moving to the Nature”



In May, on the occasion of the “International Day for Biological Diversity”, we joined hands with our strategic partner WWF to organize an event on the theme of “Fry Stocking and Protecting the Beautiful Swan Island” Yangtze River dolphins conservation event in the Lipotes Vexillifer National Nature Reserve on the Swan Island of Yangtze River in Hubei, the first protected migration site of Yangtze River dolphins in the country. During the event, nearly 20 employees volunteers participated in fry stocking, habitat clean-up and other activities. In addition, we also made donations for the building of the interactive science museum on the theme of Yangtze River dolphins to raise public awareness of Yangtze River dolphins’ conservation and mobilize more people and social forces to participate in biodiversity conservation.

Building ANTA Forest to Protect the Forest Ecosystem



We worked with WWF to build “ANTA Forest” to help protect and restore the forest ecosystem around Beijing since 2021. By supporting the construction of Beijing’s urban forest, the initiative also helped shape the green landscape of Beijing 2022 Winter Olympics. As of 31 December 2022, there were 600 mu of “ANTA Forest” in Beijing and 150 mu of ANTA Forest in the Northeast Tiger and Leopard National Park, totaling 750 mu of near-natural restoration demonstration area. In the future, we will continue to monitor and track the progress of restoration to support the enhancement of forest biodiversity and upgrade the service functions of the forest ecosystem.



GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS

This section responds to the SDGs goals



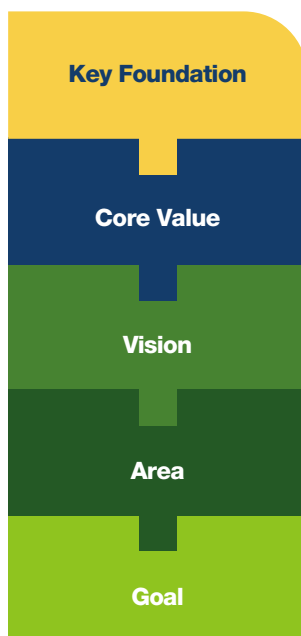
ESG issues addressed in this section Social Investment

Over the years, we have actively practiced our social responsibility and contributed to sports development and the society while promoting corporate production and operations. We also organize volunteer activities and encourage our employees to participate in public welfare activities to jointly fulfill our corporate social responsibilities.

Public welfare system

We believe in “Value Creation through Mutualism”, that is, mutualism with partners, mutualism with employees, mutualism with the society, and mutualism with the environment. We are actively fulfilling our social responsibility and promoting the company’s development in the ESG field, while continuously improving our public welfare system and contributing to public welfare and charity.

Our Public Welfare System



- Direct donation of cash and sportswear
- Established ANTA “Sturdy Growth Charity Project”
- The founding family of the Group established the Hemin Foundation
- Integrity and Gratitude
- Becoming a pioneer in fulfilling social responsibilities among Chinese enterprises
- Youth sports education, sports development, medical and health care, community support and rural revitalization, environmental sustainability
- Promoting common prosperity and better meeting people’s aspirations for a better life based on the core objectives of sports empowerment and healthy China

During the financial year, we donated a total of RMB23 million in cash to different charities, and the value of donated sportswear (calculated at tag value) exceeded RMB200 million.



“Five Ones Project”

We and the Hemin Foundation set up by the founding family of the Group have taken an active part in the cause of social welfare. With efforts in areas such as education, sports and people’s livelihood, we have taken concrete actions to give back to the society and launched the following social responsibility mechanism based on the core objectives of sports empowerment and healthy China:



One sports education project

The project focuses on youth sports, and helps young people in underdeveloped regions grow up happily with the charity support of donating equipment kit, providing physical education, establishing ADream Centers, building sports fields, organizing sports camps, etc.



One China sports development project

The Hemin Foundation set up by the founding family of the Group, establishes the program dedicated to supporting the active/retired national team athletes who have financial difficulties in the future.



One poverty alleviation project

The Hemin Foundation set up by the founding family of the Group, improving the community life, medical conditions and infrastructure of the villages, as well as participating in national disaster assistance and international humanitarian assistance.



One medical aid project

The Hemin Foundation set up by the founding family of the Group solely donated the construction of the Fujian Hemin Hospital to support the national project of regional medical centers and enhance the region’s capacity of medical services.



One ecological protection project

Working with international environmental organization, focusing on Biodiversity Conservation.

Keeping Sports Development Close to Heart

As a leading sportswear company in China, we aspire to invest more resources in sports development and public health by continuously promoting different types of social projects. Through sports product donations, cash donations and training of physical education teachers, etc., we facilitate the development of sports in underdeveloped areas. ANTA has been a partner of the Chinese Olympic Committee for 16 consecutive years and has sponsored Olympic equipment for 22 Chinese national teams, including winter sports, boxing, taekwondo, gymnastics, karate, weightlifting, wrestling and trampoline, we have made multi-pronged efforts to promote sports activities and sports development.

GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS

Athlete-Public Interaction

As role models in society, athletes are expected to present a positive image to young people. We strive to bring athletes closer to the public and strengthen the positive interactions between them, hoping that this will encourage more young people to muster the courage to pursue their dreams, overcome difficulties and push themselves to the limit.

Through the “Sturdy Growth Charity Project”, we have established the “ANTA Welfare Super A Alliance”, and continued to expand the base of the “ANTA Welfare Super A Partners”. We have invited Olympic Champion of Short Track Speed Skating Wu Dajing, Women’s Volleyball World Champion Wei Qiuyue, Taekwondo World Champion Wu Jingyu, China’s

first World Champion of Figure Skating Chen Lu, and former Men’s Basketball National team player Zhang Qingpeng, to join us as “ANTA Welfare Super A Partners”. We have also invited Weightlifting World Champion Deng Wei, Gymnastics World Champion Deng Shudi, Freestyle Skiing Aerial Skills World Champion Cheng Shuang, and former Women’s Soccer National team player Lou Xiaoxu to take the role of “ANTA Welfare Super A Partners”, in an effort to bring athletes into school campus and closer to the public to promote the spirit of sports, share their growth experience, and spread love and warmth.

Supporting Sports Education

Physical education is a subject in the national curriculum. It enables students

to master the basic knowledge and skills of physical education and sports, which plays a vital role in improving the level of physical fitness of Chinese citizens. We have actively responded to the advocacy of the General Administration of Sport of China and the Ministry of Education for the integration of sports and education, and committed ourselves to the development of youth sports education. We promoted training courses which are more suitable for underdeveloped areas in order to allow more youth and teenager to enjoy the happiness from sports activities. By carrying out the “Sturdy Growth Charity Project”, we have used charity as a means to promote sports-education integration and support rural revitalization, helping young people in underdeveloped regions to truly benefit from every physical education class.



ANTA Sports Camp Joins Hands with Famous Athletes to Share the Joy of Sports



During the financial year, we organized five ANTA Sports Camps under the “Sturdy Growth Charity Project”, with skiing, soccer, basketball and volleyball as the main themes. A total of 265 youths from five provinces, including Jilin, Heilongjiang, Liaoning, Jiangxi and Guizhou, participated in the camps, and famous athletes such as Wei Qiuyue and Zhang Qingpeng came to the site to share their inspirations and interact with the participants.

Training the frontline physical education teachers, to share the joy of sports



During the financial year, ANTA training courses enable students to enjoy professional and interesting lessons and build a strong body. We had carried out dozens of training sessions for frontline physical education teachers in Hubei, Guizhou, Yunnan, Heilongjiang, Hainan and other provinces, training more than 1,600 frontline physical education teachers, passing on professional skills and sowing sports dreams.



Enthusiastic about Public Welfare and Charity

We have long engaged in public welfare and charity undertakings in various fields. By working on social welfare and leading by example, we are committed to making the society a better place. At the same time, we have formulated the “Protocol of ANTA Group for the Management of Charitable Donation”, the “Sports Equipment Donation Process of the Sturdy Growth Charity Project” and other rules to continuously improve the donation management system, regulate the act of charitable donation

and provide safeguard for the delivery of charitable donations. In the future, we and the Hemin Foundation will continue to adhere to the concept of “Starting a Business with Peace of Mind and Being Practical”, build China’s leading charity system, and continue to contribute to the social charity cause.

Sturdy Growth Charity Project

We launched the “Sturdy Growth Charity Project” in 2017, jointly established with the China Youth Development Foundation and the ADream Foundation. With the vision

of “Making Children Enjoy Happiness through Sports Activities”, the project focuses on youth sports, and helps young people in underdeveloped regions grow up happily with the charity support of donating equipment kit, providing physical education, establishing ADream Centers, building sports fields, organizing sports camps etc. We are dedicated to integrating the sports spirit into every child’s life. With our resources and strengths, we strive to create a more well-rounded growth environment for young people and help them form a healthy lifestyle and personality.

GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS



Key performance in 2022



Over the years, the “Sturdy Growth Charity Project” has:

- donated over RMB**650** million worth of sportswear (calculated at tag value)
- established **166** “ADream Centers”, providing training to physical education teachers and dream classes to young people
- trained **4,468** physical education teachers
- donated **31** ANTA sports fields
- organized **33** ANTA sports camps
- benefited over **4.9** million students in **11,711** schools in China



Hemin Foundation

In 2021, the founding family of the Group launched the Hemin Foundation with a donation of RMB10 billion in cash and shares. Through the Hemin Foundation, we strive to blend the spirit of public welfare into our corporate culture and fulfill our responsibilities for the development of education, health and other public programs.

Hemin Health Assistance program, helping people with illnesses and difficulties



The “Hemin Health Assistance” program is established to enable timely medical treatment to the participants of medical insurance schemes in Jinjiang who are suffering from illness and livelihood difficulties, secure the access to medical services of urban and rural residents with livelihood difficulties, supplement and improve the medical assistance system for urban and rural residents in Jinjiang, and promote the development of welfare programs on medical health.

Hemin Student Sponsorship program, supporting the cultivation of rural talents



The “Hemin Student Sponsorship” program, jointly launched by the Hemin Foundation and Jinjiang Student Financial Assistance Center, aims to help children from financially-strapped households to complete their university studies. Program not only relieves the financial pressure of the families of students in need, but also encourages the students to change their fate with knowledge, build self-confidence and seek self-improvement, and harnesses the power of knowledge to support the cultivation of rural talents and the revitalization of local villages.

Assistance for Pandemic Response

In the face of pandemic outbreaks around the country, we have always strictly implemented the relevant requirements on pandemic control, and actively donated funds and material supplies. We have donated cash and sportswear to medical workers fighting against the pandemic in Quanzhou,

Fujian and Shanghai, personnel and volunteers, in order to support the nation-wide battle against the virus.

Volunteer Services

Our volunteer team, “ANTA Dream Camp Volunteer Association”, was established in 2017. To encourage employees to actively participate in public welfare, every one of them is entitled to half a

day of leave for public welfare services each year. During the financial year, we have actively participated in volunteer services such as “Earth Hour”, “Porpoise Day Beach Cleanup and Fry Stocking”, “Panda Tour”, “Sturdy Growth Welfare Project”, and ANTA training courses for physical education teachers, with an accumulated service time over 24,000 hours.



STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS

SDG goals addressed in this chapter



ESG issues covered in this chapter Corporate governance | Business ethics

We stand committed to fulfilling our social responsibilities, formulate ESG strategies and goals, and proactively support the realization of the 17 SDGs of the United Nations. We proactively communicate with various stakeholders and collect their suggestions. We continuously improve our sustainability structure, and strive to establish a sound corporate governance system, implement comprehensive risk control, and build a management mechanism featuring business compliance, clean and efficient operation and smooth functioning, all in an effort to safeguard the rights and interests of investors. We incorporate ESG into the Company's development strategy and join hands with all walks of life to build a better world.

Sustainable Development

ESG Strategy

We have set clear overall goals in terms of Environment, Social and Governance. We are dedicated to maintaining honesty, integrity and compliance in our operations, and strengthening resource conservation and environmental protection. We also strive to ensure production safety, protect our employees' legitimate rights, participate in social welfare, and assume greater responsibilities to society.

We support the United Nations' 2030 SDGs and Sustainable Development Agenda, and incorporate ESG responsibilities into our strategic goals. We adhere to creating mutual growth value with consumers, employees, partners, society, and environment, as we firmly believe that fulfilling our social responsibilities and being accountable to stakeholders are the keys to achieving sustainable business growth. We continuously improve our ESG management system, focusing on areas such as product quality, employee well-being, environmental protection, and social welfare.

Supporting the SDGs of the United Nations

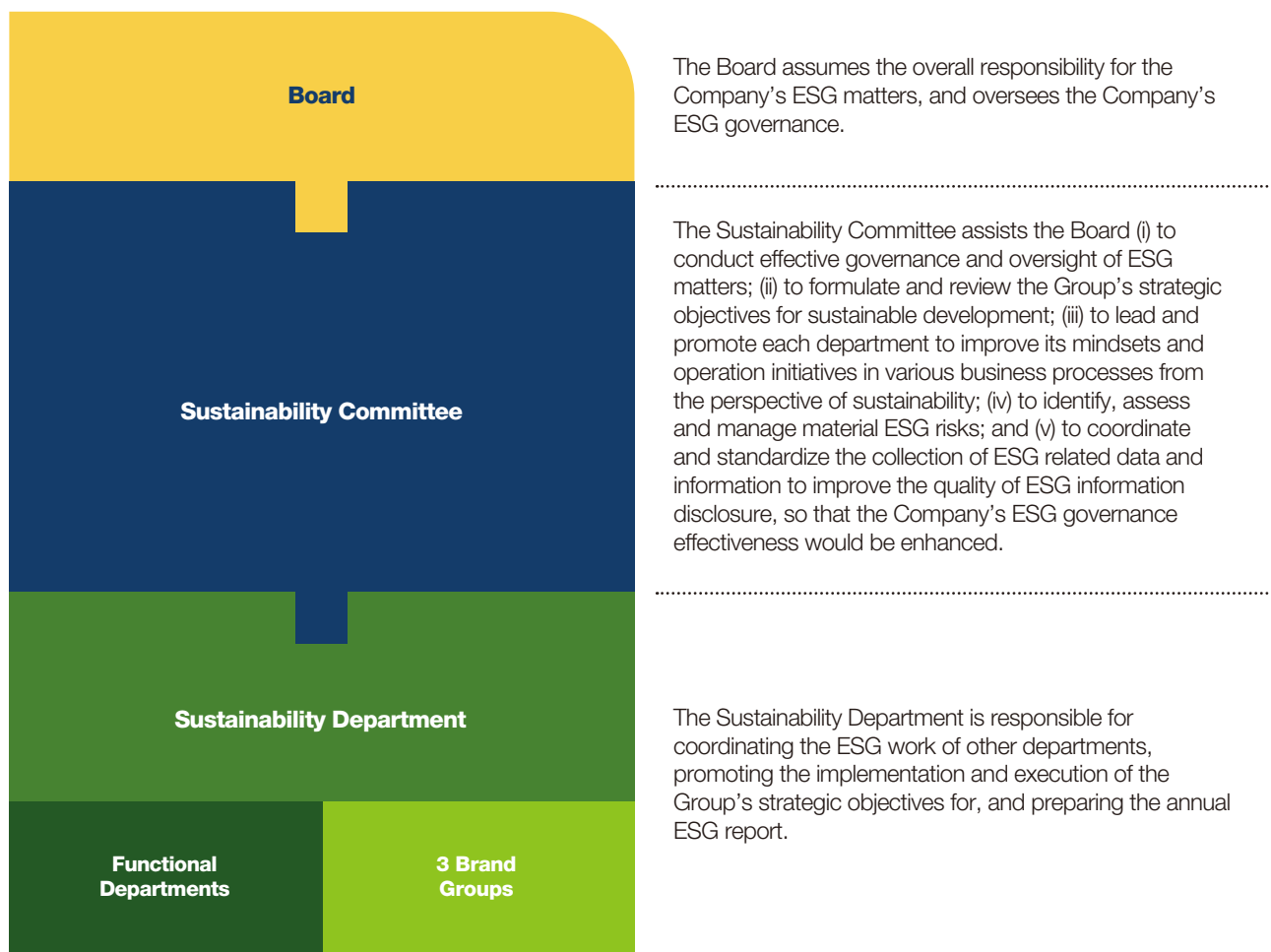
We take our corporate responsibilities in Environment, Social and Governance seriously, and actively support the SDGs of the United Nations. We became a signatory to the United Nations Global Compact in 2021, committing to the 10 principles including human rights, labor standards, environment and anti-corruption, and dedicating ourselves to the pursuit of sustainable development while promoting economic prosperity.

Our Goals	Theme of Action 2022	17 SDGs of the United Nations
Economic Growth Improve the quality of development, create sustainable economic benefits, drive economic development, and promote employment opportunity.	Corporate governance	  
Leap in Product Quality Maintain product quality at a high level, take technological innovation as the key to brand competitiveness, and win the consumers' long-term confidence in the Group's brands.	- Innovate process design - Improve product quality - Promote circular fashion - Optimize customer service - Respect customer rights	 
Caring for Employees Create an equal, inclusive, healthy and safe work environment for employees, build a training system for diversified talent development, dedicate to employee growth, and join hands with employees to create a better future.	- Employment management - Respect for the rights of employees - Employee compensation and benefits - Employee development and training - Occupational Health and Safety	     
Creating a Green Supply Chain Continue to encourage suppliers to join us in building a green supply chain, promote the application of sustainable packaging, strengthen the independent R&D of core technologies, and promote green transformation and upgrading of the supply chain.	- Responsible supply chain management - Sustainable sourcing of raw materials - Develop together with partners	 
Protecting the Environment Take up responsibility for the environment, promote energy conservation, emissions reduction and green operation, and work with upstream and downstream partners to jointly tackle the risks of climate change. Continue to promote green products and sustainable logistics. Promote green office, and enhance the environmental protection awareness of employees and their families through various employee activities.	- Climate change response - Product carbon footprint management - Sustainable production and operation - Biodiversity conservation	     
Giving Back to Society Act on the country's macro strategies, undertake corporate social responsibility, actively participate in community building, and contribute to the development of a harmonious society through various community activities.	- Public welfare system - Dedication to sports development - Dedication to charity	   

STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS

ESG Governance Structure

We attach great importance to sustainability. By adhering to improving internal sustainability governance, and strengthening the management and control of our corporate development's impact on the environment and society, we strive to create values for our stakeholders. We have established a top-down ESG governance structure to coordinate, from governance level, the Group's overall sustainability matters and promote the realization of the related goals.



The Sustainability Committee, established on 18 December 2021, consists of three Executive Directors, four Independent Non-Executive Directors, and one executive designated by the Board. For details of the Sustainability Committee, please refer to the Sustainability Committee Terms of Reference.



Progress on Sustainability Initiatives

We are actively pursuing sustainability initiatives to advance our performance and have achieved significant results.

Applying Green Finance Solutions to Show our Commitment to Sustainable Development



During the financial year, we issued our first green medium-term notes with a total amount of RMB500 million to raise funds for the construction of our Shanghai headquarters, a project integrating green space, energy-saving design and material application. We also successfully opened a “Sustainable Savings Account” at Standard Chartered Bank (China) Limited and received a “Sustainable Savings Certificate”, which is a testimony to our long-term commitment to sustainable development.

Joining the SAC to Manage the Environmental and Social Impacts of our Footwear and Apparel Products



The SAC is a global multi-stakeholder non-profit alliance in the consumer goods industry dedicated to reducing the adverse ecological and social impacts of textile manufacturing and sales. During the financial year, we made a successful application for the membership of the SAC, which demonstrated our commitment to the assessment and management of the full lifecycle impact of our footwear and apparel products. We also started making sustainability plans for our footwear and apparel products, formulated clear standards for sustainable accessories, packaging and raw materials, and completed the review of our existing sustainable products. In the future, we will continue to invest in the development of ESG products to meet sustainable standards.

STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS

Stakeholder Engagement

During the financial year, we proactively communicated with stakeholders through various channels and maintained close contact with key stakeholders. By continuously improving the transparency of our operations and actively collecting and responding to stakeholders' expectations and requirements, we achieved mutual benefits and positive interactions with stakeholders and created sustainable values for them.

External stakeholders	Stakeholder expectations	Communication activities during the financial year
Investors/ shareholders	• Risk management • Investment return • Corporate governance • Information disclosure	Conducted one-on-one meetings, non-deal roadshows, investment forums and telephone conferences
		Organized annual and interim results presentations
Consumers	• Quality products • Diversified products • Well-rounded customer services • Seamless communication channels	Conducted surveys on consumer satisfaction
		Collected consumer feedback through different channels, such as customer service hotline and feedback from retail staff
Suppliers	• Fair, open and just procurement • Supplier support	Conducted supplier satisfaction surveys
		Held supplier conferences to exchange ideas
Distributors	• Mutual benefits • Mutual growth	Hosted trade fairs
		Organized distributor meetings to exchange ideas
Media	• Information openness and transparency • Product quality and safety • Anti-corruption	Organized press conferences
		Attended media interviews
Government/ regulatory authorities	• Operations compliance • Tax payment in accordance with the law • Driving regional economic development	Organized meetings to set standards and exchange ideas
Brand ambassadors	• Brand image • Product quality • Product R&D and innovation • Intellectual property	Ensured timely communication with the brand ambassadors and collected their feedback on our products
		Provided tailor-made, on-demand products
Athletes	• Product performance • Product R&D and innovation	Sponsored athletes' competition outfit and equipment

Internal stakeholders	Stakeholder Expectations	Communication activities during the financial year
Directors	• Corporate governance • Anti-corruption • Risk management	Participated in Board and committee meetings
Management	• Product quality and safety • Environmental impact management	Participated in the decision making and operations of the Group, performed management roles, and directed or coordinated staff to fulfill their job duties
Staff	• Staff welfare • Staff development and training • Anti-corruption	Engaged in surveys and participated in online and face-to-face staff activities

ESG Issues Materiality

During the financial year, we engaged an independent professional consultant to conduct internal and external stakeholders survey and assessment and collected their feedback. This was followed by a materiality analysis to prioritize issues, which provided a reference for the Group to improve its ESG management and efficiently respond to the expectations and demands of stakeholders.

Analysis of Progress in Materiality Determination



STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS

Our Materiality Matrix in 2022



ANTA ESG Material Issues 2022

Materiality	Topic Category	Issues
Key Issues	Governance	Business ethics
	Environmental	Use of chemicals and discharge
	Social	Human rights and labor rights
	Environmental	Waste gas and waste water discharge
	Social	Product quality and safety
	Social	Health and safety
Important Issues	Governance	Corporate governance
	Social	Staff welfare
	Social	Craftsmanship and product innovation
	Social	Customer relations management
	Environmental	Climate change
	Social	Data privacy and protection
	Social	Supply chain management
	Social	Staff development and training

Materiality	Topic Category	Issues
Key Issues	Social	Staff development and training
	Social	Diversity and inclusion
	Environmental	GHG emissions
	Social	Sustainable consumption
	Social	Intellectual property management
	Social	Responsible marketing
	Environmental	Use of energy
	Environmental	Use of packaging materials
	Environmental	Use of water resources
	Environmental	Product life cycle
Important Issues	Environmental	Sustainable raw material sourcing
	Environmental	General waste discharge
	Environmental	Biodiversity and land use
	Social	Social investment

According to the materiality matrix, the changes in the sequence of the top eight key issues compared to 2021 are as follows:

	2022	2021
1	Business ethics	Intellectual property management
2	Use of chemical and discharge	Anti-corruption
3	Human rights and labor rights	Product quality and safety
4	Waste gas and waste water discharge	Corporate governance
5	Product quality and safety	Health and safety
6	Health and safety	Use of chemical and discharge
7	Corporate governance	Supply chain management
8	Staff welfare	Staff welfare

Compared to 2021, we found that during the financial year:

1. The overall distribution of issues is rather consistent with that of 2021, and governance issues continue to receive a high level of attention.
2. Among the top eight issues, social issues account for a higher proportion than environmental issues, and human rights and labor rights issues notably moved up in the order of importance.
3. Customer relations management and data privacy and protection have been rated as key issues though it is only the first time for them to be included in the list, indicating they might be elevated to a more important position in the future from stakeholders' aspect.
4. The issues of chemical use and discharge, waste gas and waste water emissions, and climate change have all made notable advances in ranking, showing that environmental issues have received more attention compared to the 2021 results.

The Top Three Issues Concerned by Key Stakeholders

	Employees	Suppliers	Consumers	Distributors	Investors	Government
1	Staff welfare	Product quality and safety	Product quality and safety	Product quality and safety	Corporate governance	Use of chemicals and discharge
2	Health and safety	Human rights and labor rights	Data privacy and protection	Staff welfare	Business ethics	Craftsmanship and product innovation
3	Business ethics	Business ethics	Waste gas and waste water discharge	Health and safety	Product quality and safety	Waste gas and waste water discharge

STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS

Details of the Board as of 31 December 2022:

Director	Committee	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Sustainability Committee*
Mr. Ding Shizhong				Member		
Mr. Ding Shijia						
Mr. Lai Shixian			Member		Member	Chairman
Mr. Wu Yonghua						Member
Mr. Zheng Jie						Member
Mr. Bi Mingwei						
Mr. Yiu Kin Wah Stephen		Chairman	Member		Chairman	Member
Mr. Lai Hin Wing Henry Stephen		Member	Chairman	Chairman		Member
Ms. Wang Jiaqian		Member		Member	Member	Member
Ms. Xia Lian		Member		Member	Member	Member

* The Sustainability Committee comprises 1 chairman and 7 members, including Mr. YIU Wai Hung (CEO of Fashion Sports Group).

Corporate Governance

Company Governance

We recognise 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 principles and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas including risk management and internal control, fair disclosure and accountability to all Shareholders.

The Board takes responsibility to oversee all major matters of the

Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of management team. All Directors are subject to the same legal duties under all applicable laws and the Listing Rules. They are required, in the performance of their duties as directors, to act honestly and in good faith in the overall interests of the Company as a whole, avoid actual and potential conflicts of interest and duty, apply reasonable care and diligence, and make decisions objectively in the best interests of the Company.

Diversified Governance

We are committed to establishing a diversified governance structure. There are five committees under the Board,

namely Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Sustainability Committee. Each committee has formulated specific terms of reference, which are posted on the Company's website (ir.anta.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk).

Before a Board/committee meeting starts, all members of the Board/committee shall declare their interests (including the interests of their associates) in respect of the matters to be discussed and/or the resolutions to be approved during the meeting in accordance with the articles of association of the Company and/or the Listing Rules. In case a member of the Board/committee (or his associate) has a material interest in a matter to

be discussed and/or a resolution to be approved during a meeting, other members of the Board/committee, for the purpose of avoidance of conflict of interests, shall consider and decide if the member shall abstain from voting in the resolutions and/or be absent from the meeting.

The committees are provided with sufficient resources to perform their duties and are able to seek, at the Company's expenses, independent professional advice as necessary. The committees are able to invite relevant personnel within the Group to attend meetings, and to obtain any information that they require from any other committees and/or departments, if they consider necessary, in order to perform their duties. The committees may invite external advisers with relevant experience and expertise to participate and attend committee meetings as and when necessary, and they can review and approve the advisory fees and other terms of engagement of the external advisers.

Independent Non-Executive Directors

Independent Non-Executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic,

professional and industry expertise and management experience and have provided their professional advices to the Board. The Board also considers that Independent Non-Executive Directors can provide independent advice on the Company's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and the Shareholders can be protected.

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Nomination Committee has assessed the independence of all the Independent Non-Executive Directors, and the Board and Nomination Committee consider that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Ms. Xia Lian has been appointed as an Independent Non-Executive Director by the Board to fill a casual vacancy with effect from 1 July 2022. She holds a bachelor's degree in marketing from the Peking University in China and a master's degree in executive master in change from European Institute of Business Administration (INSEAD). She is currently an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.[#] (遠見教育科技(深圳)有限公司) and a director of China Publishing Group Kunlun Media Co. Ltd.[#] (中版昆侖傳媒有限公司), and has over 20 years of experience in business administration and business consultancy. She was employed by Cheung Kong Graduate School of Business from April 2007

to August 2020 with her last position as an assistant dean. Ms. Xia is an independent director of Shanying International Holding Co., Ltd.[#] (山鷹國際控股股份有限公司) (stock code: 600567) listed on Shanghai Stock Exchange.

In considering the appointment of Ms. Xia, the Board, with assistance and recommendation from the Nomination Committee, has reviewed the structure, size, composition and diversity of the Board from a number of aspects, including but not limited to the professional experience, skills and expertise, that Ms. Xia can bring. In respect of the Independent Non-Executive Director appointment of Ms. Xia, the Board has reviewed the qualification and assessed the independence (including the requirements under Rule 3.13 of the Listing Rules) of Ms. Xia, and the Board is not aware of any circumstance that might influence Ms. Xia in exercising independent judgment, and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of Independent Non-Executive Director and she will be able to maintain an independent view of the Group's affairs.

Board Diversity

The Board contains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. The Board includes a balanced composition of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. Board practice

[#] The English translation of the company names is for reference only. The official names of these companies are in Chinese.

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is in place so that any changes to the Board composition (if any) can be managed without undue disruption.

The Company adopted a board diversity policy in accordance with the requirement set out in the CG Code. The policy aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to broaden its view and enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of

diversity on the Board. Diversity on the Board can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In designing the Board's composition, the Company will also take into account factors based on its own business model and specific needs from time to time.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background,

ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board is composed of members with diverse background and experience, including professionals with similar industry experience, risk management experience, etc. We value the diversity of the Board. In particular, after the appointment of each of Ms. Wang Jiaqian and Ms. Xia Lian as an Independent Non-Executive Director on 1 July 2021 and 1 July 2022, respectively, the Board is no longer a

Name		Mr. Ding Shizhong	Mr. Ding Shijia
Gender		Male	Male
Age		52	58
Length of service of the Board (up to 31 December 2022)		15 years	15 years
Skills, knowledge & professional experience	(a) Accounting & finance		
	(b) Business development	✓	
	(c) Brand management	✓	
	(d) Capital management		
	(e) Corporate responsibility/sustainability	✓	
	(f) Corporate strategy and planning	✓	
	(g) Executive management and leadership skills	✓	✓
	(h) Information management		
	(i) Investor relations		
	(j) Law		
	(k) Manufacturing		✓
	(l) Experience/role in the Board of other listed companies		
	(m) Operational management	✓	✓
	(n) Risk management		
	(o) Sales and marketing	✓	
	(p) Supply chain management		✓
	(q) Treasury management		

single gender board. The ratio of female directors raises gradually since 2020. By the end of the financial year, the ratio of female directors has been raised to 20%.

The Nomination Committee (and the Board) recognises the importance and benefits of gender diversity at the Board level, and shall continue to take initiatives to identify more female candidate(s) to further enhance the gender diversity among the Board members with a target of 30% women in the Board by the end of 2030.

Board details as of 31 December 2022

- The Board consisted of 10 members, including six Executive Directors, and four Independent Non-Executive Directors
- The Board had two female directors
- The ages of Board members ranged from 44 to 66
- A total of four Board members hold executive positions in no more than four other listed companies, including Ms. Wang Jiaqian, who has experience of strategic business operation in the same industry⁸ as ANTA SPORTS and currently holds an executive position

Mr. Lai Shixian	Mr. Wu Yonghua	Mr. Zheng Jie	Mr. Bi Mingwei	Mr. Yiu Kin Wah Stephen	Mr. Lai Hin Wing Henry Stephen	Ms. Wang Jiaqian	Ms. Xia Lian
Male	Male	Male	Male	Male	Male	Female	Female
48	52	54	50	62	66	44	44
15 years	15 years	13 years	1.5 years	4.5 years	2 years	1.5 years	0.5 year
✓			✓	✓			
	✓	✓				✓	✓
	✓	✓				✓	
✓				✓	✓		
✓	✓	✓	✓	✓	✓	✓	✓
		✓	✓			✓	✓
✓	✓	✓	✓	✓	✓	✓	✓
✓			✓				
✓					✓		
✓				✓	✓		✓
✓	✓	✓	✓				
✓			✓	✓		✓	✓
	✓	✓					
✓			✓				
✓							✓

⁸ The classification standard of the industry refers to the Global Industry Classification Standard (Level 1).

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ESG Risk Management

We attach great importance to the identification and management of ESG risks. During the financial year, we built an ESG risk database through stakeholder surveys and analysis of the risk identification practices of our peers, established ESG risk countermeasures and preventive mechanisms in line with our ESG work plan.

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Business ethics	Compliance risk	Violation of business ethics: Potential compliance risks resulting from employees' violation of business ethics and code of conduct during the implementation of the anti-corruption and integrity mechanism.	Key	• Supplier compliance management system: Through whole-process supplier management, we have improved the assessment and early-warning system of supply chain risks, and conducted audit and evaluation of the social responsibility standards of supply chains, including anti-corruption, to ensure the operational compliance of our suppliers; • Strengthening business ethics training and management: We have signed the "Integrity and Self-discipline Commitment" with all our employees and included anti-corruption provisions in the "Employees' Labor Contract" to strengthen internal constraints on corruption. We also provide business ethics and anti-corruption courses and training for the Board, the management team and employees, and strengthen integrity training and education for our employees; • Supervision and audit management: We make strong efforts to supervise the disciplinary violations of our employees and urge them to honor the basic principle of integrity. We have adopted a "Whistleblowing Policy" for all employees as well as customers, suppliers and other third parties to regulate the management of whistleblowing complaints. We also provide multiple options of 7x24 independent reporting channels for whistleblowers, including email, hotline, WeChat and mailbox.

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Use of chemicals and discharge	Compliance risk	Risk associated with chemical use: Environmental and potential compliance risks in the selection, use and disposal of chemicals (such as waste glue, treatment agents, dyes, etc.).	Key	• Establishing chemical management standards: We have established a series of technical standards, including the “Technical Standards on the Safety of Apparel Chemicals, the Manual on the Safety Control of Chemical Products for ANTA Suppliers”, and the “Technical Standards on the Safety of Chemicals in Apparel, Footwear and Accessories”, and continuously improve and revise them to strengthen the control of chemicals; • Developing chemical phase-out plan and use list: We have published a chemical phase-out plan and a chemical use list, and worked toward reducing or discontinuing the use of harmful and restricted chemicals by using environment-friendly water-based glues, reducing the content of volatile organic compounds in waste gas, and reducing the amount of treatment agents used in the shoe production process; • Supplier chemical management: We have adopted the “Guidance on Chemical Safety Management for Suppliers”, “Statement of Compliance for Chemical Safety Control of Suppliers” and other systems, to ensure effective control of the practices of our supplier partners in all aspects of chemical use.
Human rights and labor rights	Operational risk Compliance risk	Protection of employees’ human rights and labor rights and interests: Insufficient benchmarking of employees’ human rights with international standards, and inadequate consideration or operational and compliance risks caused by employees’ working hours, work intensity and basic protection systems	Key	• System of employee rights protection: We have joined the UN Global Compact as a signatory, developed an internal management system, actively fulfilled our basic responsibilities in the areas of human rights and labor standards, including prohibition of child labor and forced labor and protection of freedom of collective bargaining and association, and fostered an inclusive corporate culture in multiple dimensions; • Strengthening employee communication: We have made available both online and offline channels, including suggestion box, cloud platform, whistleblowing mailbox, whistleblowing hotline, and the official WeChat account “ANTA Integrity”, to strengthen communication with employees, and commission an external organization to conduct satisfaction survey annually on all employees to get their feedback.

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Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Waste gas and waste water discharge	Compliance risk Operational risk	Waste gas and waste water discharge: Potential compliance and operational risks associated with the improper treatment and discharge of waste gas and waste water under the latest standards.	Key	• Improving the internal management system: We have formulated internal rules such as the “Wastewater Treatment Operation Procedures” to manage the discharge, and at the same time appointed qualified third parties to conduct regular inspection of waste water, waste gas and noise to ensure that waste discharge meets all compliance requirements; • Reducing emissions through green production: We have worked to reduce waste water/waste gas by upgrading processes, reduce VOC emissions with substitute of environment-friendly materials, and reduce pollutant generation and emissions by improving processing equipment.
	Strategy risk Compliance risk	Investment in environment-friendly waste treatment: The increased spending on environment-friendly waste treatment will have a potential impact on the Company’s operating costs and product prices, thus reducing the economic benefits of the Company.	Key	• Reducing/discontinuing the use of hazardous and restricted chemicals: We have developed a chemical plan and a chemical use list, and worked toward reducing or discontinuing the use of hazardous and restricted chemicals; • Reinforcing responsible supplier management: We provide training and education on responsible supply chains for our cotton, leather and other materials suppliers. In the future, we will introduce sustainable management regulations on land use, water reduction, chemical safety, etc. to our suppliers to strengthen the Group’s green supply chain management requirements; • Reducing emissions through green production: We have worked to reduce waste water/waste gas by upgrading processes, reduce VOC emissions with substitute of environment-friendly materials, and reduce pollutant generation and emissions by improving processing equipment.

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Product quality and safety	Operational risk	Risk associated with product quality: Potential reputational risk caused by inadequate product quality and quality control, which may threaten the business sustainability.	Key	• Establishing a quality control system covering the whole product lifecycle: We have set up quality control markers based on the quality standards of the industry and the Group, including quality assessment, covering the whole process from product R&D to mass production, to provide technical assurance for product safety; • Improving quality control mechanisms across all dimensions: We continuously improve our quality control mechanisms through quality and safety certification and training, special quality inspection, product recall management and special management regime on chemical safety.
	Operational risk	Risk associated with new materials: The use of new materials (such as environment-friendly materials) may result in higher quality risks and costs.	Key	• Enhancing R&D capability through the industry-academia-research cooperation platform: We have entered into cooperative relations with several industry partners, and harnessed innovative technologies to improve the professional performance of ANTA products. We have also leveraged the industry-academia-research cooperation platform to accelerate the training of professionals and the execution and results conversion of key R&D projects, and explore sports science, new materials, new technologies and new processes; • Bolstering quality control capability: We have achieved breakthroughs in product quality by strengthening the supplier quality control system, innovating inspection methods, developing differentiated supervision mechanism, and upgrading the consumer quality survey system and product modification mechanism.

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Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Health and safety	Operational risk	Risk associated with changes in the health and safety requirements for workers: Pandemics, disasters and other external emergencies cause operational risks on the safety of employees at workplace, having a visibly negative impact on the normal business operation of the Company.	Key	• Employee welfare management during the pandemic: We provided continuous protection, care and needed supplies to employees during the Pandemic and other emergencies, from the time of isolation to the time of resumption of work; • Bolstering health protection for employees: We have strengthened the management of employee welfare and provided welfare and health benefits including medical protection, psychological counseling, health knowledge and workplace facilities; • Implementing the risk management system: We continuously monitor potential risks, and assess and analyze our contingency plans based on the Group's risk management system.
	Compliance risk	Risk associated with occupational health and safety: The use of chemicals, occupational diseases, and production in special positions threaten employees' health and cause potential compliance risks.	Key	• Improving the structure of production safety management: Based on national laws and related regulations and standards, we have formulated the "Manual on the Environmental/Occupational Health and Safety", the "Occupational Health and Safety Regulations" and the "Operation Control Procedures on Environmental and Occupational Safety", and put in place a well-rounded structure of safety production management, coordinated by the Group's President, led by the Group's administrative department and implemented by the Occupational Safety Leadership Group; • Building the production safety system: We have put in place a safety management system covering safety risk management, safety protection facilities, safety emergency drills, safety incident handling, and safety training and education; • Safety system certification: With improved safety management structure and mechanism, ANTA (China) Co., Ltd. has obtained three certificates of Quality Management System (ISO 9001), Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (ISO 45001).

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Craftsmanship and product innovation	Strategy risk	Product innovation and changing consumer preferences: The identity of a professional sportswear and the challenge of technology innovation may make it difficult to meet the demands of new-generation consumers.	Important	• Investing in the R&D of proprietary technologies: We set up a national-level sports science laboratory, and established global design and R&D centers and Italy to invest in our own R&D work; • Strengthen quality innovation: We have set up a team of more than 200 international design and R&D experts from 18 countries and regions. This international design team has helped the Company build innovation capacity and innovation culture, and develop innovative product designs that have been successfully applied in the product lines of ANTA, DESCENTE, FILA and several other brands.
	Strategy risk	Risk associated with the environmental technology of products: The risk of losing in market competition due to the environmental requirements on products and lack of progress in technology development.	Important	• Setting low-carbon product development targets: We have set quantitative targets including the proportions for sustainable products, sustainable raw materials and sustainable packaging to drive the development of low-carbon products; • Developing technical specifications on sustainable products: We have formulated the sustainable product standards, certification standards and sustainable design guidelines, and adopted the "Technical Specifications for Sustainable Products" to drive the development of products; • Joining the SAC to promote the development of the industry.

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Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Climate change	Operation risk	Operational risk associated with climate change: Climate change leads to changes in the market environment and regulatory requirements, and puts operational pressure on the supply chain stability and production of the Company, with possible consequences of rising costs.	Important	• Establishing the governance structure: We have put in place an ESG management structure with the Board at the highest decision-making level, providing effective oversight of issues including climate change response, and established a governance structure with the Sustainability Committee taking up the responsibility for identifying and assessing climate risks and opportunities, developing climate risk response strategy, and evaluating the Company's annual performance in delivering the energy conservation/carbon reduction targets and other climate change and energy-related key performance indicators; • Establishing scenario analysis to identify risk: We have constructed three comparative scenarios based on three action paths, i.e. optimistic, neutral and negative, with considerations given to business, brand groups and value chain segments, and identified important physical and transitional risks; • Setting strategic goals for coexisting with the environment: We have set "1+3+5" strategic goals, aiming to achieve the objective of carbon neutrality by 2050, to drive the Group's low-carbon development in the long run.

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Data privacy and protection	Compliance risk	Privacy and data protection: The security and stability of data security and consumer privacy protection systems may have a significant impact on the Company's business operation and result in compliance risks	Important	• Building the matrix of information security management systems: We have put in place an information security management matrix consisting of 28 information security systems, and conduct regular review and update; • Performing internal and external audits on information security: We set up a Personal Information Protection Office at the supervision level to coordinate the management of personal information protection in the Group, and conduct annual Group-wide internal audits and external audits by qualified third parties; • Strengthen information security training: We promote information security awareness among all employees. We continuously carry out annual information security awareness training and provide relevant information security courses on the online learning platform of ANTA Academy; • System assessment and system certification: We regularly carry out penetration testing of our special application systems and conduct comprehensive security penetration assessment of systems involving user data processing. We have obtained ISO 27001 certification.

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Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Supply chain management	Operational risk	Risk associated with supply chain stability: Climate change, pandemic, length of retention of raw materials (e.g. cotton) or other external risks affecting supply chain stability, with potential negative impact on business operations	Important	• Improving the supply chain risk assessment and early-warning mechanism: We regularly identify and assess supply chain risks in aspects including business environment, materials supply and social impact, and formulate countermeasures and preventive mechanisms for different types of risks that have been identified as undermining the stability of the supply chain; • Formulating procurement contingency plan: We have formulated the “Procurement Contingency Plan of the Group” and introduced prevention and response plans for various risks to reduce and avoid the impact of supply chain risks on the Company; • Strengthening insight over external trends: We continuously observe the evolving trend in the external environment to ensure well-rounded and timely consideration of any risks that may impact our operations.
	Operational risk	Risk associated with supplier compliance: Inadequate supplier audit, certification and performance management assessment may produce suppliers with low supply chain transparency as well as ESG risks, including labor risks and environmental governance, thus affecting the Company’s production and reputation	Important	• Improving the supplier management system: We have formulated the “Code of Conduct for ANTA Group Suppliers”, the “Supplier Sustainability Management Handbook” and other systems to ensure systematic and standardized social responsibility management of all our suppliers and their contractors; • Full process management of suppliers: We conduct standardized audit of suppliers in accordance with the “Protocol for the Management of Supplier Access and Exit of Apparel Suppliers”, “Protocol for the Management of Supplier Access and Exit of Footwear Suppliers” and other management rules throughout the process of supplier selection and admittance, classified management, evaluation and audit; • Strengthening integrity management and training of suppliers: We have adopted anti-commercial bribery initiative, made public complaint and reporting channels, and highlighted the importance of integrity in suppliers training to enhance their awareness of integrity and anti-corruption.

Risk issues	Risk description	Type of risk	Order of importance	Response measures and preventive mechanism
Intellectual property management	Compliance risk	Risk associated with intellectual property dispute: Inadequate protection of intellectual property and original product may lead to potential risks	Important	• Setting up internal intellectual property systems: We systematically formulate internal systems for intellectual property management, trademark management, patent management, brand protection, and the prevention and control of intellectual property risks, and regularly improve and update them; • Strengthening the training mechanism: We actively carry out intellectual property training to raise employees' awareness of intellectual property protection; • Promoting the brand protection campaign: We stand committed to protecting intellectual property, and take actions to fight counterfeiting and intellectual property violations and protect the brand; • Expanding the applications for invention patent licensing: We have actively expanded the applications for invention patent licensing and utility patents to advance the protection of intellectual property; • Implementing the risk audit mechanism: We strictly implement the risk audit mechanism, and integrate the audit of intellectual property risks into the whole business process, including product design, advertising and non-production procurement.

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Business Ethics

Anti-corruption Policy

The Company is committed to pursuing ethical and anti-corruption business practices with a high standard of integrity and zero tolerance to corruption. To this end, the Company has adopted an anti-corruption policy to complement all applicable anti-corruption laws and regulations and to achieve the Company's desired anti-corruption culture.

The Group (including any Directors and employees) should comply with the relevant anti-corruption laws and regulations in the PRC (including the Supervision Law of the PRC), Hong Kong SAR and other countries or regions as applicable. The Group prohibits all forms of political contributions that contravene

the legal requirements of the countries or regions as applicable. The Group strictly prohibits charitable donations from being used for bribery or corruption, and ensures that charitable donations and sponsorships are compliant, legal and ethical.

The anti-corruption policy is applicable to all Directors (including the Independent Non-Executive Directors), all employees of the Group at all levels, external parties having business dealings with the Group (including suppliers, services providers, business partners, etc.) and persons acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, consultants and contractors of the Group).

Directors and employees of the Group shall uphold at all times the Group's core value of integrity, honesty, fairness,

impartiality and ethical business practices.

Directors and employees of the Group should not accept any advantage from any person, company or organization having business dealings with the Group, whether or not any undue favor is involved. They may only accept (but not solicit) an advantage when such advantage is offered on a voluntary basis and such advantage is disclosed to and approved by the Group. If a Director or an employee is unsure as to whether the acceptance of an advantage could (i) affect the proper discharge of his duties or (ii) place such Director or employee under an obligation to act against the Group's interests, he should always decline to accept the advantage.

Directors and employees of the Group shall avoid any conflict of interest or potential conflict of interest with the Group, and should declare any conflict of interest or potential conflict of interest as appropriate.

Directors and employees of the Group shall not give any advantage to any person, company or organization having business dealings with the Group for inappropriate advantage or any other illegitimate purpose.

Directors and employees of the Group shall not, in their personal capacity or acting in an agency or fiduciary capacity on behalf of the Group, provide any form of facilitation payments to any individual or entity.

Any breach of the anti-corruption policy should be reported to the Company through reporting channels under the whistleblowing policy of the Company, whether it is known who may be responsible for the breach or how it may have occurred. The Company takes reports of corruption seriously, and may conduct investigations pursuant to the whistleblowing policy of the Company if necessary. Material incidents relating to breaches of the anti-corruption policy shall be brought to the attention of the Board by the Risk Management Committee.

Risk Management Committee would regularly review the implementation and effectiveness of the anti-corruption policy

(including ethical standards) to ensure that the policy remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

For further details of the anti-corruption policy, please refer to the full text of the policy posted on the Company's website (ir.anta.com).

Internal Supervision and Management

We follow the Company's anti-corruption policy and the related internal execution systems, comply with the "Supervision Law of the People's Republic of China", the "Company Law of the People's Republic of China", and other national laws and regulations, and have established internal codes of conduct, such as the "Employee Handbook", to set forth requirements for the conduct of all employees, suppliers, subsidiaries and joint ventures, and to clarify the Company's requirements, zero-tolerance and penalties in the areas of anti-corruption and bribery, anti-discrimination, information security, conflict of interest, anti-competition, anti-money laundering and insider trading. We also provide training on ethical standards to all employees, contractors and other relevant parties. For our employees, we link their compliance with our code of conduct to their remuneration and performance appraisal.

All of our employees are required to sign the "Integrity and Self-discipline Commitment" and we have added anti-corruption clauses in our standard "Employees' Labor Contract" to strengthen internal anti-corruption measures. During the financial year, we have strengthened the supervision of employees' personal disciplinary violations and urged them to honor the basic principle of integrity. In addition, we joined the Sunshine Integrity Alliance and the Corporate Anti-Fraud Alliance as a member in 2019 to learn from the experience of excellent companies and improve our internal anti-corruption system. We reached an anti-fraud consensus with alliance companies during the financial year by sharing the list of untrustworthy individuals and promising to refuse to hire these untrustworthy individuals who engaged in unethical or immoral activity.

Building Integrity Culture

We proactively build an anti-corruption culture and use both online and offline training to promote integrity culture to the Board, management and employees (including part-time and contractors), with a coverage rate close to 100%. We have explored innovative forms of education, such as the promotion video on integrity culture, the animation Healthy Workplace and online quiz of anti-corruption knowledge, and promoted their dissemination through our corporate account on social media, special website on corporate culture and the Group's video channels. We have

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adopted lively and easy-to-understand means of presentation to explain our anti-corruption systems and measures, and conducted cautionary education with typical cases of violations. We also organize visits to anti-corruption and cautionary education bases and special offline training for our employees to strengthen their anti-corruption awareness.

We value the integrity of our suppliers and stand committed to working with them to build a fair and clean business environment and eliminate any form of corrupt practices. In accordance with the “Code of Conduct for ANTA Group Suppliers”, we signed an “Anti-Commercial Bribery Agreement” with suppliers, and received an integrity undertaking from suppliers at the admittance stage, requesting suppliers to establish anti-corruption policies and have programs to verify compliance. We persist in supervising and managing the integrity performance of our suppliers, and require the audit and supervision department to conduct independent investigation on suppliers suspected of violating the anti-corruption responsibility clause. Once confirmed, they will be resolutely dismissed and held accountable for the relevant legal responsibilities in accordance with the law. Meanwhile, we promote integrity education to suppliers through various channels, including supplier conferences and social media, to enhance their awareness of the importance of integrity and anti-corruption.

Whistleblowing Policy

The Group is committed to achieving and maintaining the high probity standards and ethical business practices and encouraging reporting of concerns of actual or suspected misconduct or malpractice by any employees and/or external parties in any matter related to the Group. The Company has adopted a whistleblowing policy to create a system for employees and other persons or entities who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Risk Management Committee (designated by the Board with relevant authorities) about possible improprieties relating to the Group. The identity of the whistleblower would be treated with the strictest confidence.

The whistleblowing system established under the policy is intended:

- to cultivate a culture of openness and transparency in the Group;
- to maintain internal corporate justice;
- to encourage employees and other persons or entities dealing with the Group to raise concerns about possible improprieties relating to the Group and to provide them with confidential reporting channels for such purposes; and
- to enable the Company to detect and deter or remedy a misconduct or malpractice in the Group before serious damage is caused.

The whistleblowing policy is applicable to all employees of the Group at all levels and to other persons or entities who deal with the Group (e.g. customers and suppliers).

Whistleblowers may choose to report a misconduct to the designated ethics officers (being the Chairman and the chairman of the Risk Management Committee) or the Group’s internal audit department.

When making a report, although the whistleblower may be unable to provide conclusive proof or evidence, the report of misconduct made under the whistleblowing policy shall include full disclosure of any relevant or material information to the extent possible.

The Company is committed to exerting its best effort to keep all reports by whistleblower confidential and privileged to the fullest extent permitted by law, and handle the reports in a timely manner. Any person making a genuine and appropriate report in good faith under the policy will be assured of fair treatment, and should not be subject to any unwarranted disciplinary action or unfair dismissal as a result of making such report. The Company strictly prohibits any retaliation and will make the best effort to take reasonable measures in order to protect whistleblowers from retaliation. Persons who victimise or retaliate against those who have genuinely raised concerns in good faith under this Policy will be subject to disciplinary actions, and the identity of such person may be disclosed to internal

or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permitted by law.

Should circumstances arise in which the Company is required to disclose the whistleblower’s identity, the Company will, to the extent permitted by law, endeavor to inform the whistleblower that his identity is likely to be disclosed, and the Company will endeavor to protect the reasonable interest of the whistleblower.

All reports must be made in good faith. Persons making a report on any misconduct under the whistleblowing policy should exercise due care in ensuring accuracy of the information they report to the ethics officers or the internal audit department.

The Group reserves the right to take appropriate actions against any person who knowingly or irresponsibly makes false allegations or malicious allegations, including but not limited to disclosing

the identity of such person to internal or external investigators, or relevant law enforcement agencies or governmental, judicial or regulatory bodies for appropriate action without notifying such person to the extent permissible by law. The Group also reserves its right to take any actions against such person to recover any loss or damages resulted from the false report. Employees who make a false report may be subject to disciplinary actions, including dismissal, where appropriate.

The Risk Management Committee would regularly review the implementation and effectiveness of the whistleblowing policy to ensure that the policy remains relevant to the Company’s needs and reflects both current regulatory requirements and good corporate governance practice, and will also discuss and consider any revisions that may be required.

For further details of the whistleblowing policy, please refer to the full text of the policy posted on the Company’s website (ir.anta.com).

Whistleblowing Report Handling

To strengthen internal and external whistleblowing supervision, effectively combat corruption and fraud, and create an honest, well-regulated work environment, we have adopted a whistleblowing policy and related internal execution systems for all employees as well as customers, suppliers and other third parties to regulate the management of whistleblowing. We provide multiple options of 7×24 independent reporting channels for whistleblowers, including email, hotline, WeChat and mailbox. We also have dedicated investigators with professional skills to investigate and handle whistleblowing reports, and notify whistleblowers of the results where permitted by law.

We promise to strictly protect the lawful rights of whistleblowers and prohibit any retaliation against whistleblowers. We accept anonymous reports and have multiple protection measures in place to prevent retaliation, especially for entities or individuals who make whistleblowing reports in their real names.

Key performance in 2022



We did not have any corruption-related litigation cases.

During the financial year, the signing rate of the “Anti-Commercial Bribery Agreement” by suppliers reached **67.6%**.

During the financial year, we received **172** reports in total, involving **127** violations from retail channels, **17** management issues, and **28** integrity and ethics issues. The reports received have been investigated and handled by dedicated personnel according to internal rules, and we provided training for employees.

PROSPECTS

To deliver the vision of “Becoming a Leading Multi-Brand Sportswear Group in the World”, we hope to seize market opportunities to drive our own development, and strive to promote sustainability in the upstream and downstream of the eco-system and the industry. We have developed a fundamental framework for sustainable development, which is divided into the following three stages: “Follower”,

“Participant” and “Leader”. On the path to sustainable development, we are now in the stages of “Participant”, as we aim to respond to international initiatives and formulate long-term goals and strategies. We firmly believe that as long as we keep moving towards our set objectives, we will definitely grow into a “Leader” in the sustainable development.

Sustainability will play a key role in our future development plans, and our sustainability strategy and “1+3+5” strategic goals will guide our sustainability practices. Building on the accomplishment of all of our planned work for 2022, we will continue to advance and revise our work plans in the areas of consumers, employees, partners, society and the environment in order to achieve our medium and long-term goals.

Current stage



Short-term



Compliance and review
Awareness cultivation
System construction

Compliance stage
– Follower

Medium-term



Social engagement
System implementation
Project counseling

Corporate social responsibility
– Participant

Long-term



International participation
Product sustainability
System upgrade

Corporate sustainability
– Leader

Mutualism with Consumers

Goal	Progress in 2022
1. Establish a definite and solid consumer ESG mindset, enabling consumers to realize circular consumption	Clearly defined the direction and initial strategy of ESG mindset building for each brand

Mutualism with Employees

Goals	Progress in 2022
1. Adhere to the three core cultural propositions – “Consumer-oriented, Benchmarking with High Standard, Leaders as Role Model” – and continue to maintain our industry-leading employment standards and work environment	Giving care to employees in clothing, food, housing, transportation, and physical and mental health: Clothing: We offer gift cards, staff discounts and discount coupons etc. to our employees for our branded products Food: Our ocean-view restaurant offers a variety of nutritious and tasty food, and many high-quality vegetables are supplied directly from our farms Housing: We provide affordable staff dormitories, housing subsidies, and interest-free loans under our “Sweet Home Plan” to help relieve our employees’ financial burden Transportation: We provide shuttle bus and free parking space, and overtime transportation reimbursement, etc. Physical and mental health: We have in place supplementary medical insurance, paid sick leave, a free gym, fitness classes and sports clubs, health checkups, and a hotline to attend to employees’ mental health needs

PROSPECTS

Goals	Progress in 2022
2. Establish an industry-leading, efficient and attractive compensation system and invest more in the long-term employee incentive scheme	We shared the rewards of the Company's growth with our employees. In addition to year-end performance bonus, we granted share incentives to more than 3,700 employees at the manager level or above
3. Step up the cultivation of young talents and attract young talents to work in the Group	During the financial year, we recruited over 17,000 college graduates and young talents (age below 35) to join the Group
4. Provide employees with a broad career platform and improve the multi-tiered structure of global talent pool	We pushed forward the building of the internal leadership development system and the internal talent pool, and launched a special career program to attract young talents
5. Increase the proportion of female executives (director level and above)	As of 31 December 2022, the proportion of female executives (director level and above) was 36.1%, up by 1.4 percentage point over the previous year (31 December 2021: 34.7%)
6. Offer employment opportunities to the disabled and the underprivileged	As of 31 December 2022, we had 44 employees with disabilities. Under "Hemin Student Sponsorship" program, and "Hemin Health Assistance" program, during the financial year, the number of beneficiaries were 66 people in total

Mutualism with Partners

Goals	Progress in 2022
1. Empower suppliers and improve supplier governance capabilities	We joined SAC, and formulated the "Code of Conduct for ANTA Group Suppliers" and the "The Supplier Sustainability Management Handbook" as the standard for supplier management
2. Enhance supply chain transparency	
3. Optimize the supplier management policies and system	

Mutualism with the Society

Goals	Progress in 2022
1. One medical aid project	The Hemin Foundation set up by the founding family of the Group solely donated the construction of the Fujian Hemin Hospital during the financial year, to support the national project of regional medical centers and enhance the region's capacity of medical services
2. One poverty alleviation project	During the financial year, the Hemin Foundation set up "Hemin Health Assistance" program and "Hemin Student Sponsorship" program, to enable timely medical treatment to the participants of medical insurance schemes in Jinjiang and help children from financially-strapped households to complete their university studies.
3. One China sports development project	The Hemin Foundation set up by the founding family of the Group established the program dedicated to supporting the active or retired national team athletes who have financial difficulties in the future
4. One sports education project	We have launched the "Sturdy Growth Charity Project" since 2017, and partnered with the China Youth Development Foundation and the ADream Foundation on its joint implementation. With the vision of "Making Children Enjoy Happiness through Sports Activities", the project focuses on youth sports, and helps young people in underdeveloped regions grow up happily with the charity support of product donation, moral education and sports training
5. One ecological protection project	We joined hands with the One Planet Foundation to organize the "Panda Tour" in Xiamen and protect the finless porpoise, promote the concept of Moving to Nature, and build "ANTA Forest" to protect the forest ecosystem

Mutualism with the Environment

	Goals	Progress in 2022
1 overall goal	Carbon neutrality by 2050	During the financial year, we prepared and formally joined and pledged to support the commitment of the SBTi in January 2023. We also plan to set carbon reduction targets for our business in accordance with the SBTi standard, covering our core products and the whole value chain, including supplier, production, logistics and retail, and take active actions to promote carbon reduction.
3 “zeroes”	By 2030 - Net zero carbon emissions in self-owned operating facilities - Zero use of virgin plastic in self-owned operating facilities - Zero landfill of self-generated production waste	- In cooperation with external consulting institutions, we conducted basic inventory and verification on the carbon emissions of our seven self-owned operating factories, three operation buildings and one logistics center in accordance with ISO 14064-1:2008; - We issued green bonds for our Shanghai headquarters, which is still under construction and meets green building standards.
5 “50%”	By 2030 - Increase the proportion of sustainable products to 50% - Use sustainable packaging for 50% of products - Apply 50% sustainable raw materials - Replace 50% of fuel used for transportation in our self-owned operating facilities with clean fuels - Replace 50% of strategic partners' energy consumption with renewable energy	- We conducted a stock take of the sustainable products currently, and adopted the “Technical Specifications for Sustainable Products”; - We defined sustainable packaging and we are actively promoting the use of sustainable packaging for our branded products, reducing the use of virgin plastic packaging and continuously increasing the proportion of sustainable packaging for our products.

APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH

ESG indicator	Laws, regulations and policies	Internal policies
A. Environment	- National Catalogue of Hazardous Wastes - Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste - Environmental Protection Law of the People's Republic of China - Environmental Impact Assessment Law of the People's Republic of China - Regulations of the People's Republic of China on Nature Reserves	- Regulations on the Management of Energy Conservation and Consumption Reduction - Standardized Management Specifications for Production of Packaging Boxes - Office Management Policy - Central Air Conditioning Turn-On/Off Control Standards - Wastewater Treatment Operation Procedures - Solid Waste Management Regulations - Hazardous Chemicals Management Regulations - Hazardous Waste Pollution Prevention and Control Responsibility System - Hazardous Waste Warehouse Storage Standards - Energy Conservation and Emission Reduction Management System - Cost Savings Measures for Industrial Park - Letter on Energy Conservation, Energy Consumption Reduction and Safe Production in the Industrial Park
B1. Employment	- Labor Law of the People's Republic of China - Labor Contract Law of the People's Republic of China - Employment Promotion Law of the People's Republic of China - Social Insurance Law of the People's Republic of China - Regulations on the Prohibition of Child Labor - Minors Protection Law of the People's Republic of China	- Employees' Labor Contract - Social Recruitment Management System of ANTA Group - Campus Recruitment Management Regulations - Internal Recruitment Recommendation Management Policy - Employee Handbook - Rewards and Discipline Policy - Remuneration Policy - Management Policy for Individual Performance - Management Policy for Individual Performance of Group Retail Regional Office - Management Policy for the Individual Performance of Group Production Employees or below the Manager Level - Management Policy for Excess-incentive - Management Policy for E-commerce Platform Staff - Welfare Management Policy

APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH

ESG indicator	Laws, regulations and policies	Internal policies
B2. Health and safety	• Labor Law of the People's Republic of China • Fire Control Law of the People's Republic of China • Production Safety Law of the People's Republic of China • Law of Prevention and Control of Occupational Diseases of the People's Republic of China • Emergency Response Law of the People's Republic of China • Regulations on Work-Related Injury Insurance • Administrative Provisions on the Work Safety License of Construction Enterprises • Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents • Environmental Management Systems – Requirements with Guidance for Use • Occupational Health and Safety Management systems – Requirements with Guidance for Use • Warning Signs for Occupational Hazards in the Workplace • Management Regulations for the Occupational Disease Hazard Notification and Warning Sign of Employers	• Occupational Health and Safety Regulations • Manual on the Environmental/Occupational Health and Safety • Assessment Measures for Implementing the System of Production Safety Responsibility • Work-Related Injury Prevention and Treatment Mechanism • Operation Control Procedures on Environmental and Occupational Safety
B3. Development and training		• Training Operation Management Policy • Lecturer and Textbook Management Policy • Import and Export Training Operation Management Policy • ANTA Fresh Graduate Training Management Policy • Campus Recruitment Retail Management Trainee Development Program • Policy on Promotion Management • Policy on the Ranking Adjustment of the Group's Retail Staff and Store Managers

ESG indicator	Laws, regulations and policies	Internal policies
B4. Labor standards	• Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Employment Promotion Law of the People's Republic of China • Social Insurance Law of the People's Republic of China • Regulations on the Prohibition of Child Labor • Law of the People's Republic of China on Protection of Minors • The Trade Union Law of the People's Republic of China	• Social Recruitment Recommendation Management Policy • ANTA Group Campus Recruitment Management Measures • Internal Recruitment Recommendation Management Policy • Rewards and Discipline Policy
B5. Supply chain management		• Guidance on Chemical Safety Management for Suppliers • Statement of Compliance for Chemical Safety Control of Suppliers • Anti-Commercial Bribery Agreement • Supplier Management System for Brand Protection • Procurement Contingency Plan of the Group • Supplier Sustainability Management Handbook • Protocol for the Management of Supplier Access and Exit of Apparel Suppliers • Protocol for the Management of Supplier Access and Exit of Footwear Suppliers • Code of Conduct for ANTA Group Suppliers • Group Procurement Supplier Performance Appraisal Management Policy • Chemicals Safety Management Measures on Footwear Products • Apparel Supplier MIS Performance Appraisal Management Mechanism

APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH

ESG indicator	Laws, regulations and policies	Internal policies
B6. Product responsibility	• Copyright Law of the People's Republic of China • Trademark Law of the People's Republic of China • Advertising Law of the People's Republic of China • Patent Law of the People's Republic of China • Civil Code of the People's Republic of China • Fire Control Law of the People's Republic of China • Product Quality Law of the People's Republic of China • Consumer Rights Law of the People's Republic of China • Data Security Law of the People's Republic of China • Personal Information Protection Law of the People's Republic of China • E-Commerce Law of the People's Republic of China • Internet Security Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Emergency response plan for internet security incidents	• Intellectual Property Management Policy • Patent Application Process • Protocols for Defending Rights against Counterfeiting • Intellectual Property Review Management Policy • Product Intellectual Property Risk Management Process • Technical Standards on the Safety of Apparel Chemicals • Manual on the Safety Control of Chemical Products for ANTA Suppliers • Technical Standards on the Safety of Chemicals in Apparel, Footwear and Accessories • Standards for the Appearance of Clothing Lining Materials • Quality Standards on Child Safety • Technical Specifications for Sustainable Products • Product Standard Formulation and Revision Regulations • Guidelines for Chemicals Safety Process Control • Quality Management Manual • ANTA Group Product Safety Standards Formulation and Revision Regulations • ANTA Recall Management Policy

ESG indicator	Laws, regulations and policies	Internal policies
		- Chemicals Safety Management Measures on Footwear Products - Guidance on Chemical Safety Management for Suppliers - Statement of Compliance for Chemical Safety Control of Suppliers - Customer Service Management Policy - Standard Operating Procedures - Terminal Activities Management Regulations - Penalty Rules of the Information Security Regulations - Rewards and Discipline Policy - Validity Measurement Procedures - Internet Access Management Policy - Personal Information Protection Management Policy - Data Classification and Hierarchical Management Standards - Data Sharing Process - Information Security Incident Management Policy - Application System Development and Maintenance Safety Management Regulations - System Access Management Regulations
B7. Anti-corruption	- Company Law of the People's Republic of China - Anti-Money Laundering Law of the People's Republic of China - Anti-Monopoly Law of the People's Republic of China - Anti-Unfair Competition Law of the People's Republic of China - Interim Provisions on Banning Commercial Bribery of the State Administration for Industry and Commerce of the People's Republic of China - Supervision Law of the People's Republic of China	- Employee Handbook - Integrity and Self-discipline Commitment - Anti-Corruption Policy - Whistleblowing Policy - Code of Conduct for ANTA Group Suppliers - Auditing and Supervision Policy - Group Business Gift Management Policy - Management Accountability Policy - Exit Audit Policy
B8. Community investment		- Protocol of ANTA Group for the Management of Charitable Donation - Sports Equipment Donation Process of the Sturdy Growth Charity Project

APPENDIX 2: SUSTAINABILITY OVERVIEW

List of HKEX ESG Index

Aspects, general disclosure and KPIs	Descriptions	"Comply or Explain" Provisions
A: Environment		
A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS ANTA COMPLIES WITH
KPI A1.1	The types of emissions and respective emissions data.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table
KPI A1.3	Total hazardous waste produced (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table

Aspects, general disclosure and KPIs	Descriptions	“Comply or Explain” Provisions
KPI A1.4	Total non-hazardous waste produced (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT PROSPECTS
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT PROSPECTS

A2: Use of resources

General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT PROSPECTS

APPENDIX 2: SUSTAINABILITY OVERVIEW

Aspects, general disclosure and KPIs	Descriptions	"Comply or Explain" Provisions
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT PROSPECTS
KPI A2.5	Total packaging material used for finished products (in tons) and if applicable, with reference to per unit produced.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT ESG Key Performance Index Data Table

A3: Environment and natural resources

General disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

A4: Climate change

General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	PROMOTING ENVIRONMENT-FRIENDLY AND GREEN DEVELOPMENT

Aspects, general disclosure and KPIs	Descriptions	"Comply or Explain" Provisions
B: Society		
Employment and Labor Practices		
B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT ESG Key Performance Index Data Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Index Data Table

APPENDIX 2: SUSTAINABILITY OVERVIEW

Aspects, general disclosure and KPIs	Descriptions	“Comply or Explain” Provisions
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B2: Health and safety

General disclosure	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT ESG Key Performance Index Data Table
KPI B2.2	Lost days due to work injury.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT ESG Key Performance Index Data Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

B3: Development and training

General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT ESG Key Performance Index Data Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Index Data Table

Aspects, general disclosure and KPIs	Descriptions	"Comply or Explain" Provisions
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B4: Labor standards

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	DIVERSITY AND INCLUSION FOR PEOPLE-CENTERED DEVELOPMENT

Operation practices

B5: Supply Chain Management

General disclosure	Policies on managing environmental and social risks of the supply chain.	CREATING VALUE THROUGH WIN-WIN COOPERATION APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B5.1	Number of suppliers by geographical region.	CREATING VALUE THROUGH WIN-WIN COOPERATION ESG Key Performance Index Data Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	CREATING VALUE THROUGH WIN-WIN COOPERATION ESG Key Performance Index Data Table
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	CREATING VALUE THROUGH WIN-WIN COOPERATION
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	CREATING VALUE THROUGH WIN-WIN COOPERATION

APPENDIX 2: SUSTAINABILITY OVERVIEW

Aspects, general disclosure and KPIs	Descriptions	"Comply or Explain" Provisions
B6: Product responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	SAFEGUARD PRODUCT AND PURSUE INNOVATION ESG Key Performance Index Data Table
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	SAFEGUARD PRODUCT AND PURSUE INNOVATION ESG Key Performance Index Data Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	SAFEGUARD PRODUCT AND PURSUE INNOVATION
KPI B6.4	Description of quality assurance process and recall procedures.	SAFEGUARD PRODUCT AND PURSUE INNOVATION
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	SAFEGUARD PRODUCT AND PURSUE INNOVATION

Aspects, general disclosure and KPIs	Descriptions	“Comply or Explain” Provisions
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B7: Anti-corruption

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS ESG Key Performance Index Data Table
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS
KPI B7.3	Description of anti-corruption training provided to directors and staff.	STABLE BUSINESS OPERATION FOR SUSTAINED PROGRESS ESG Key Performance Index Data Table

Community

B8: Social investment

General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS APPENDIX 1: LIST OF ESG POLICIES AND LAWS AND REGULATIONS TO COMPLY WITH
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GIVING BACK TO SOCIETY BY SUPPORTING PUBLIC WELFARE AND SPORTS ESG Key Performance Index Data Table

APPENDIX 2: SUSTAINABILITY OVERVIEW

ESG Key Performance Index Data Table

Subject Area	ESG KPIs	Unit	2022	2021	2020
A. Environmental¹					
Aspect A1: Emissions	A1.1 The types of emissions and respective emissions data²				
	Particulates	Ton	3.69	3.87	Not disclosed
	Sulfur oxides	Ton	0.00	0.14	Not disclosed
	Nitrogen oxide	Ton	1.03	1.26	Not disclosed
	Waste water ³	Ton	1,142,461	Not disclosed	Not disclosed
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity				
	Scope 1 Direct greenhouse gas emissions ⁴	Ton of CO ₂ equivalent	4,820	2,772	2,713
	Scope 2 Indirect greenhouse gas emissions ⁵	Ton of CO ₂ equivalent	173,974	142,682	90,552
	Total greenhouse gas emissions	Ton of CO ₂ equivalent	178,794	145,454	93,265
	Scope 1 greenhouse gas emission intensity	Ton of CO ₂ equivalent/ Revenue per million RMB	0.09	0.05	Not disclosed
	Scope 2 greenhouse gas emission intensity	Ton of CO ₂ equivalent/ Revenue per million RMB	3.24	2.90	Not disclosed
	Total greenhouse gas emission intensity	Ton of CO ₂ equivalent/ Revenue per million RMB	3.33	2.95	2.63

¹ We adopted the "Operation Control Method" to compile and convert the environmental data in 2022 and 2021, and did not convert the data of each unit according to shareholding ratio; while in 2020 and before, we adopted the "Equity Ratio Method" to adjust the overall data according to shareholding ratio.

² Emissions (nitrogen oxide, sulfur dioxide and particulates) are mainly from emissions from the Group's manufacturing companies and emissions from the use of corporate vehicles, of which the calculation of corporate vehicle emissions is based on Appendix 27 of the "Listing Rules": "Appendix II: Reporting Guidance on Environmental KPIs".

³ Waste water data are obtained from the industrial and domestic waste water of the Group's manufacturing facilities, administrative facilities and logistics facility.

⁴ Scope 1 greenhouse gas emissions are mainly from direct greenhouse gas emissions from fossil fuel consumption (such as gasoline, diesel, natural gas) during operation / production process and the refrigerants emission. The formula used to calculate the main greenhouse gas emissions from fossil fuel consumption: CO₂ emissions from fossil fuel combustion = fuel consumption x low level heat generation x carbon content per unit calorific value x fuel carbon oxidation rate x 44/12, while the calculation of refrigerant emissions data refers to Appendix 27 of the "Listing Rules": "Appendix II: Reporting Guidance on Environmental KPIs". In 2022, we improved on the statistical scope of refrigerants compared to 2021, adding ANTA (China) Co., Ltd. and Quanzhou Athletic Shoes & Garments Co., Ltd. and the Scope 1 Direct greenhouse gas emissions data in 2022 increased.

⁵ Scope 2 greenhouse gas emissions are mainly from indirect greenhouse gas emissions generated from purchased electricity and steam consumed in the Group's operation/production process, calculated with reference to Appendix 27 of the "Listing Rules": "Appendix II: Reporting Guidance on Environmental KPIs". The electricity emission factor 0.5703 tCO₂/MWh for Scope 2 Indirect greenhouse gas emissions in 2022 is adopted from "Notice on the management of greenhouse gas emission reporting by enterprises in the electricity generation industry from 2023 to 2025" (Huanban Qihou 2023 No.43). In 2022, we improved on the statistical scope of purchased electricity compared to 2021, adding the FILA office building and Shangqiu Anta Shoes Co., Ltd.. Additionally, the number of ANTA DTC stores increased due to business expansion. The Scope 2 Indirect greenhouse gas emissions data in 2022 increased.

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect A1: Emissions	A1.3 Total hazardous waste produced and intensity				
	Total hazardous waste produced ⁶	Ton	335.4	24.1	17
	Hazardous waste intensity	Kg / Revenue per million RMB	6.25	0.49	Not disclosed
	A1.4 Total non-hazardous waste produced and intensity				
	Total non-hazardous waste produced ⁷	Ton	9,204	3,249	2,359
	Non-hazardous waste intensity	Ton / Revenue per million RMB	0.17	0.07	Not disclosed
Aspect A2: Use of Resources	A2.1 Direct and indirect energy consumption by type in total and intensity⁸				
	Gasoline	kWh	366,546	889,062	313,192
	Diesel	kWh	199,930	255,379	152,407
	Natural gas	kWh	14,504,389	11,895,520	12,704,352
	Purchased electricity ⁹	kWh	265,058,740	205,233,867	110,175,714
	Purchased steam	kWh	57,573,558	60,989,345	60,770,785
	Total energy consumption	MWh	337,703	279,263	Not disclosed
	Total energy consumption intensity	MWh / Revenue per million RMB	6.29	5.66	Not disclosed

⁶ Hazardous waste data are obtained from the disposal volume of hazardous waste of the Group's manufacturing facilities and administrative facilities. In 2022, we improved on the statistical scope of hazardous waste compared to 2021, adding the office building in Xiamen, the FILA office building, Quanzhou Athletic Shoes & Garments Co., Ltd., Shangqiu Anta Shoes Co., Ltd., Xiamen ANTA Sports Goods Co., Ltd. and Xiamen ANTA Industrial Co., Ltd., and the hazardous waste data in 2022 increased.

⁷ Non-hazardous waste data are obtained from the disposal volume of non-hazardous waste of the Group's manufacturing facilities, administrative facilities and logistics facility. In 2022, we improved on the statistical scope of non-hazardous waste compared to 2021, adding the FILA office building, Shangqiu Anta Shoes Co., Ltd. and Fujian ANTA Logistics Information Technology Co., Ltd., and the non-hazardous waste data in 2022 increased.

⁸ Energy consumption (unit: kWh) is calculated from the consumption of gasoline, diesel, natural gas, purchased electricity and purchased steam, while the calculation refers to the "General Principles for Calculation of Total Production Energy Consumption" (GB2589-2020).

⁹ The purchased electricity data are obtained from the purchased electricity volume of the Group's manufacturing facilities, administrative facilities, logistics facility and store facilities. In 2022, we improved on the statistical scope of purchased electricity compared to 2021, adding the FILA office building and Shangqiu Anta Shoes Co., Ltd.. Additionally, the number of ANTA DTC stores increased due to business expansion thus the purchased electricity data in 2022 increased.

APPENDIX 2: SUSTAINABILITY OVERVIEW

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect A2: Use of Resources	A2.2 Water consumption in total and intensity				
	Total water consumption	m ³	1,429,691	1,424,207	1,684,010
	Total water consumption intensity	m ³ / Revenue per million RMB	26.7	28.9	47
	A2.5 Total packaging material used for finished products and with reference to per unit produced				
	Total packaging material consumption	Ton	24,064	21,944	12,283
	Intensity of packaging material consumption	Ton / Revenue per million RMB	0.45	0.44	Not disclosed

B. Social

Aspect B1: Employment	B1.1 Total workforce: by gender, employment type¹⁰, age group, and geographical region				
	Total number of employees ¹⁰	Person	59,000	52,000	41,000
	By gender				
	Male	%	24.9	26.0	27.1
	Female	%	75.1	74.0	72.9
	By function				
	Office employees	%	19.5	20.6	Not disclosed
	Production and logistics staff	%	22.1	22.7	Not disclosed
	Retail employees	%	58.4	56.7	Not disclosed
	By rank				
	President level	%	0.1	0.1	Not disclosed
	Director level	%	1.3	1.3	Not disclosed
	Manager level	%	6.5	6.4	Not disclosed
	Officers and others	%	73.4	72.5	Not disclosed
	Production staff	%	18.7	19.7	Not disclosed

¹⁰ The total number of employees is defined as our regular employees. In addition, we have 2,870 other types of workers, such as temporary workers, trainees and interns employed by our directly operated and managed businesses.

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect B1: Employment	By age group				
	16-24	%	13.6	15.4	11.6
	25-40	%	74.0	73.0	74.3
	41 and above	%	12.4	11.6	14.1
	By geographical region				
	Mainland China	%	99.3	99.2	Not disclosed
	Hong Kong SAR, Macao SAR, and overseas regions	%	0.7	0.8	Not disclosed
	B1.2 Employee turnover rate: by gender, age group and geographical region¹¹				
	Total employee turnover rate	%	35.7	34.6	Not disclosed
	By gender				
	Male	%	40.0	39.4	Not disclosed
	Female	%	34.1	32.7	Not disclosed
	By age group				
	16-24	%	50.7	47.4	Not disclosed
	25-40	%	33.3	32.0	Not disclosed
	41 and above	%	26.3	28.5	Not disclosed
	By geographical region				
	Mainland China	%	35.7	34.6	Not disclosed
	Hong Kong SAR, Macao SAR, and overseas regions	%	37.3	34.8	Not disclosed

¹¹ In 2022, the employee turnover rate is calculated based on our latest standards and the 2021 employee turnover rate is adjusted retrospectively. Overall employee turnover rate = number of leaving employees during the financial year/(number of employees at the end of the financial year + number of leaving employees during the financial year) × 100%. Employee turnover rate by category = number of leaving employees of that category during the financial year/(number of employees of that category at the end of the financial year + number of leaving employees of that category during the financial year) × 100%. Employee turnover includes the number of employees who have left (terminated their employment with the Group due to voluntary resignation, dismissal, retirement or death). Our statistics and reporting include all regular employees at all operating locations. The number of employees who left during probationary period is also included. Since both the retail and manufacturing industries are labor-intensive and thus have a higher turnover rate, we will continue to monitor the turnover rate and actively seek improvements.

APPENDIX 2: SUSTAINABILITY OVERVIEW

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect B2: Health and Safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year¹²				
	Number of work-related fatalities	Person	0	0	0
	Rate of work-related fatalities	%	0	0	0
	B2.2 Lost days due to work injury¹³				
	Office employees	Day	1,060	422	295.5
	Production and logistics staff ¹⁴	Day	2,269	2,313	1,815
	Retail employees	Day	4,121	2,078	493
Aspect B3: Development and Training	B3.1 The percentage of employees trained by gender and employee category¹⁵				
	Percentage of employees trained	%	92.5	79.7	Not disclosed
	Employees trained by gender				
	Male	%	23.7	23.0	Not disclosed
	Female	%	76.3	77.0	Not disclosed
	Employees trained by rank				
	President level	%	0.1	0.1	Not disclosed
	Director level	%	1.4	1.4	Not disclosed
	Manager level	%	6.9	7.1	Not disclosed
	Officers and others	%	72.3	77.6	Not disclosed
	Production staff	%	19.3	13.8	Not disclosed

¹² Data obtained from the human resources department, verified by local authorities for workplace fatalities.

¹³ The data cover employees in Mainland China and are obtained from the human resources department in Mainland China, verified by local Human Resources and Social Security Bureau for workplace injuries. As for the injury data of employees in other regions, we are optimizing our data collection system and will disclose such information in the future. The number of work-related injuries in 2022 increased by 3 compared with 2021, while the number of work-related injuries of retail employees in 2022 decreased compared with 2021. We are committed to continuously refine our occupational and health security management system, enhance safety guarantees and training.

¹⁴ The scope of data reporting covers production and logistics staff in 2022 and 2021, and factory employees in 2020, with no retrospective adjustments.

¹⁵ The scope of data reporting excludes Quanzhou Athletic Shoes & Garments Co., Ltd. The percentage of employees trained = (employees trained/number of employees) x 100%, employees trained in relevant category = (employees trained in the specified category/total number of employees trained) x 100%.

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect B3: Development and Training	Employees trained by function				
	Office employees	%	20.9	21.9	Not disclosed
	Production and logistics staff	%	19.2	15.1	Not disclosed
	Retail employees	%	59.9	63.0	Not disclosed
	B3.2 The average training hours completed per employee by gender and employee category¹⁶				
	Average training hours	Hour	29.1	17.6	Not disclosed
	Average training hours by gender				
	Male employee average training hours	Hour	37.0	14.4	Not disclosed
	Female employee average training hours	Hour	26.5	18.7	Not disclosed
	Average training hours by rank				
	President level	Hour	23.9	6.33	Not disclosed
	Director level	Hour	78.7	19.3	Not disclosed
	Manager level	Hour	85.8	19.7	Not disclosed
	Officers and others	Hour	29.3	19.6	Not disclosed
	Production staff	Hour	5.12	7.61	Not disclosed
	Average training hours by function				
	Office employees	Hour	81.9	17.0	Not disclosed
	Production and logistics staff	Hour	4.34	7.13	Not disclosed
	Retail employees	Hour	20.9	21.1	Not disclosed

¹⁶ Average training hours per employee = total training hours/total number of employees. Average training hours for employees in relevant categories = total number of training hours for employees in the specified category/number of employees in the specified category.

APPENDIX 2: SUSTAINABILITY OVERVIEW

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect B5: Supply Chain Management	B5.1 Number of suppliers by geographical region¹⁷				
	Total number of suppliers	Number	524	459	720
	Suppliers in China	%	96.0	95.9	96.9
	Suppliers overseas	%	4.0	4.1	3.1
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented¹⁸				
	Suppliers that signed the Code of Conduct	%	92.4	96.6	Not disclosed
	Number of suppliers with ISO 9001 certification	Number	257	267	Not disclosed
	Number of suppliers with ISO 14001 certification	Number	184	162	Not disclosed
	Number of suppliers with ISO 45001 certification	Number	111	65	Not disclosed
	Number of suppliers with Bluesign® certification	Number	38	45	40

¹⁷ The scope of data reporting is the number of ANTA and FILA suppliers managed by the Group's procurement department, including the number of Tier 1 suppliers, and some Tier 2 and Tier 3 suppliers. To maintain consistency, the number of suppliers 2021 is adjusted retrospectively.

¹⁸ The scope of data reporting is the number of ANTA and FILA suppliers managed by the Group's procurement department, including the number of Tier 1 suppliers, and some Tier 2 and Tier 3 suppliers.

Subject Area	ESG KPIs	Unit	2022	2021	2020
Aspect B6: Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons				
	Recalled products	%	0.01	Not applicable	0.01
	B6.2 Number of products and service related complaints received¹⁹				
	Product complaints	Case	290,439 ²⁰	294,924 ²⁰	5,011 ²¹
	Among which: Footwear	%	69.4	63.8	56.0
	Apparel	%	29.4	35.0	42.4
	Accessories	%	1.2	1.2	1.6
	Service complaints	Case	9,903	6,060	Not disclosed
Aspect B7: Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases				
	Concluded legal cases regarding corrupt practices	Case	0	1	0
	B7.3 Anti-corruption training provided to directors and employees				
	Anti-corruption training for top management and Board members ²²	Number of participants	804	728	Not disclosed
	Anti-corruption training for office employees	%	100	100	Not disclosed
	Anti-corruption training for Board members	%	100	100	Not disclosed
Aspect B8: Community Investment	B8.2 Resources contributed to the focus area				
	Cash	Million RMB	23	65	32
	Product (calculated at tag value)	Million RMB	Over 200	Over 270	Over 100

¹⁹ The scope of data is ANTA and the FILA brand.

²⁰ The scope of statistics includes quality returns, 400 hotline complaints and online complaints.

²¹ The scope of data is quality returns.

²² The scope of data is president and director level.

GLOSSARY

AMER SPORTS

Amer Sports Oy (Amer Sports Corporation), a sporting goods company (with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic, etc.) incorporated in the Republic of Finland, and a subsidiary owned by a joint venture of the Company

ANTA

ANTA Brand

ANTA KIDS

ANTA KIDS brand, which offers ANTA products for children

ANTA SPORTS/COMPANY/WE/OUR/US

ANTA Sports Products Limited

ANTA STORE(S)

ANTA authorized retail store(s)

APEC

Asia-Pacific Economic Cooperation

AUDIT COMMITTEE

The audit committee of the Company

BOARD

Board of Directors

BSCI

Business Social Compliance Initiative

CG CODE

Corporate Governance Code set out in Appendix 14 to the Listing Rules

CHAIRMAN

Chairman of the board of directors of the Company

CHINA/PRC

People's Republic of China

CO₂

Carbon dioxide

CO₂ equivalent

Carbon dioxide equivalent

DESCENTE

DESCENTE brand

DESCENTE STORE(S)

DESCENTE retail store(s)

DIRECTOR(S)

Director(s) of the Company

DTC

Direct to Consumer

ESG

Environmental, social and governance

EXECUTIVE DIRECTOR(S)

Executive director(s) of the Company

FAIS

Factory Automation Interconnection System

FILA

FILA Brand

FILA FUSION

The sub-brand of FILA, which offers youth's trendy clothing

FILA KIDS

FILA KIDS brand, which offers FILA products for children

FILA STORE(S)

FILA retail store(s)

FSC

Forest Stewardship Council

GHG

Greenhouse gas

GROUP

The Company and its subsidiaries

GRS

Global Recycled Standard

HONG KONG/HONG KONG SAR

The Hong Kong Special Administrative Region of the PRC

HONG KONG STOCK EXCHANGE/HKEX

The Stock Exchange of Hong Kong Limited

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)

Independent non-executive director(s) of the Company

IPCC

United Nations Intergovernmental Panel on Climate Change

KOLON SPORT

KOLON SPORT brand

KOLON SPORT STORE(S)

KOLON SPORT retail store(s)

KPI

Key performance indicator

LISTING RULES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

LWG

Leather working group

MACAO/MACAO SAR

The Macao Special Administrative Region of the PRC

MAINLAND CHINA

Mainland of China, geographically excluding Hong Kong SAR, Macao SAR and Taiwan region

MIS

Manufacturing Index System

NGFS

Central Banks and Supervisors Network for Greening the Financial System

NOMINATION COMMITTEE

The nomination committee of the Company

NON-EXECUTIVE DIRECTOR(S)

Non-executive director(s) of the Company

PANDEMIC

2019 novel coronavirus disease

PE

Polyethylene

R&D

Research and development

REMUNERATION COMMITTEE

The remuneration committee of the Company

REPORT

Environmental, Social, Governance Report

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company

RMB

Renminbi, the lawful currency of the PRC

SAC

Sustainable Apparel Coalition

SBTi

Science Based Targets initiative

SDGS

The United Nations' 17 Sustainable Development Goals

SHAREHOLDER(S)

Shareholder(s) of the Company

SLCP

Social & Labor Convergence Program

STeP

Sustainable Textile & Leather Production

SUSTAINABILITY COMMITTEE

The sustainability committee of the Company

TCFD

Task Force on Climate-Related Financial Disclosures

UNGC

United Nations Global Compact

WBCSD

World Business Council for Sustainable Development

WCA

Workplace Conditions Assessment

WWF

World Wildlife Fund

YEAR

The year ended 31 December 2022



If you have any inquiries, please contact:
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Sustainability Department

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Telephone: (852) 2116 1660

Fax: (852) 2116 1590

Email: esg@anta.com.hk

DIVIDEND

The Board recommended a final dividend of HK72 cents per ordinary share in respect of the year ended 31 December 2022, subject to the approval of the shareholders at the forthcoming AGM. The proposed final dividend will be payable on or about Monday, 29 May 2023 to shareholders whose names appear on the register of members of the Company as at 4:30 p.m. on Tuesday, 16 May 2023. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong SAR branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong SAR not later than 4:30 p.m. on Tuesday, 16 May 2023 for registration.

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM of the Company will be held on Wednesday, 10 May 2023. Notice of the AGM will be issued and disseminated to shareholders in due course.

BOOK CLOSURE

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Friday, 5 May 2023, to Wednesday, 10 May 2023, both days inclusive, during which period no transfer of shares will be effect. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong SAR branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong SAR not later than 4:30 p.m. on Thursday, 4 May 2023 for registration.

PUBLICATION OF RESULTS ANNOUNCEMENT

This annual results announcement is available to public for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at ir.anta.com.

By Order of the Board
ANTA Sports Products Limited
Ding Shizhong
Chairman

Hong Kong SAR, 21 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian, Mr. Wu Yonghua, Mr. Zheng Jie and Mr. Bi Mingwei; and the independent non-executive directors of the Company are Mr. Yiu Kin Wah Stephen, Mr. Lai Hin Wing Henry Stephen, Ms. Wang Jiaqian and Ms. Xia Lian.