



ANTA Sports Products Limited

THE POWER OF GIVING



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2016

About This Report

The report covers the sustainability performance of ANTA Sports for the year ended 31 December 2016, focusing on providing an overview of the environmental, social and governance performance of our major operating units¹ in China.

We fully understand that the environment, society and corporate governance policy will have a long lasting impact on our future development. Meanwhile, our business strategies and models will also deeply influence our society, environment and each stakeholder. Therefore, this report will illustrate our philosophy in relation to sustainability, measures taken and relevant performance during the year, as well as future plans.

This report is prepared and compiled based on the Environmental, Social and Governance Reporting Guide set out by HKEX, and to the greatest extent practicable, taking the reference of the sustainability reporting guidelines proposed by the Global Report Initiative. This aims to enhance the comprehensiveness and representativeness of the report content.

The data and information used in this report are referenced from our archived documents, records, statistics and research. In order to review our performance during the year more effectively, apart from continuing to hire CCA to analyze the carbon emission source and other environmental data, we have also engaged a consultancy firm to complete a wide range of tasks, including stakeholder engagement and materiality assessment. Through participation of the independent third parties, we communicate with stakeholders thoroughly so as to examine the company performance.

The resources and dedication we contributed to this report show our emphasis in environment, society and corporate governance as well as our determination to integrate sustainable development into our daily business operations. Should you have any feedback on this report, please send an email to ir@anta.com.hk. Your valuable comment will help us to improve and grow with time.

Ideas of the Report

Inspired by the theory of “Economy of Communion²”, this report aims to show how we contribute to society through our business development. Ms. Chiara Lubich, founder of Focolare Movement, initiated the “Economy of Communion” project in early 1990s, with the aim of investing the revenue and profit obtained from corporate development in sustainable commercial activities. Meanwhile, through communications and mutual understanding, companies establish good relationship with different levels of parties and review their ways of treating employees as well as the community. Contribution is to be made back to society by extending a hand to the people in need so as to build a more harmonious world and achieve the state of “THE POWER OF GIVING”.

The theory also provides enterprises with “Guidelines to Running a Business” and proposes the scheme of the “Seven Colors” (See below) which provides a basic structure on corporates’ responsible operation:



Harmonious relationship among entrepreneurs, employees and business



Relationships with clients, suppliers, investors, society and other external stakeholders



Spirituality and ethics



Quality of life and work environment



Harmony in the workplace



Emphasis on the skills development and welfare of employees



Effective internal and external communications

On the basis of “Economy of Communion”, this report summarizes our responsibilities and commitments to the community, natural environment as well as stakeholders including employees, customers and suppliers in two areas of “Walking with the Environment” and “Walking with People”, in order to stay aligned with the topic of this report. We hope to show our recognition and practice of “Economy of Communion” by disclosing our overall business operation models and analyzing the performance through the “Seven Colors” scheme.

1. The manufacturing facilities covered in this report include ANTA China (PRC), Athletic (PRC), Quanzhou Material (PRC), Henan Material (PRC), ANTA Xiamen (PRC), Xiamen ANTA Industrial (PRC) and ANTA Changting (PRC). Apart from Athletic (PRC) (Anta Sports Products Limited holds indirectly 55% of the equity interest) and FILA business in China (Anta Sports Products Limited holds indirectly 85% of the equity interest), Anta Sports Products Limited holds indirectly 100% of the equity interest in all the other entities. For administrative facilities covered, these include the office buildings of ANTA and FILA in Xiamen and Jinjiang as well as the self-operated FILA stores. The data is primarily derived from internal documents and records as well as estimations made by our employees

2. Source: <http://www.edc-online.org/it/publicazioni/documenti-pdf-it/documenti-edc/1626-130318-guidelines-to-running-an-economy-of-communion-business/file.html>

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MESSAGE FROM THE CHAIRMAN



**WE STRIVE TO REDUCE
OUR IMPACT ON THE
ENVIRONMENT TO THE
GREATEST EXTENT DURING
THE MANUFACTURING AND
SALES OF OUR PRODUCTS,
AND TO CREATE LONG
TERM VALUES FOR
OUR SHAREHOLDERS,
EMPLOYEES, COMMUNITY
AND STAKEHOLDERS**

The year of 2016 marks the ninth year of the Group's listing. Although we've experienced various challenges including economic instability and industry competition, all of our indicators showed that we are moving on the right track to become a world-class sportswear company, proving that the sustainability of the Group's business development is pivotal in this achievement. During the year, we are issuing the report under the theme of 'Lending a Hand and Walk Together'. Aside from appointing CCA, we invited a consultancy firm to conduct stakeholder engagement and materiality assessment for the purposes of the report, thereby enhancing the comprehensiveness and objectiveness of our content. In this regard, we demonstrate to external parties our efforts in both the environmental and people aspects as we advance towards our milestone in 2017 – the tenth-year anniversary of listing.

Planting a contribution

We never underestimate the value of a single tree. We understand that when a tree is damaged, an ecosystem is destroyed. In the recent "United Nations Framework Convention on Climate Change" meeting in Paris, the issue of carbon emissions was prioritized, which showed that reducing the emission of greenhouse gases is a global responsibility. As an industry leader, we have to do our part in fulfilling the focus of global agreement, and closely monitor our carbon footprint. Thus, while we develop our

business, we must continue to innovate, and find better ways to manufacture safe and quality products, so as to contribute to environmental protection and strive to reduce carbon emissions.

To this end, we began to advocate the widespread use of water-based adhesives on the basis of using only benzene-free adhesives, which maximized the reduction of the use of toxic chemicals in the shoe manufacturing process. At the same time, we strived to expand the use of new environmentally-friendly materials, in the hope that we can reduce our dependency on traditional fabrics, and discover more possibilities for environmental protection in the clothing manufacturing field. These attempts inevitably increased our expenses, but as a responsible corporate citizen, we place great importance on inspirations for future developmental models brought by these expenses, and hope that we can find the right direction for the industry's sustainable development.

With this positive attitude, we have begun the preliminary planning of overall carbon emissions during the year, while carrying out various short-term measures in order to prepare for the implementation of long-term carbon reduction plans. We will continue with the existing policies, in the hope that we can contribute to the society through improving our shortcomings.

Lending a hand

Our development has always been closely tied to people: it is proven by “Be Consumer-Centric” and “Motivate by Commending Contributors” mentioned in the “ANTA Way” proposed by the Group. We offer appropriate rights and remuneration to employees working for our brands within the Group, which have kept a stable turnover rate over the years. We rely on highly reputable suppliers and great employees to stand guard for our brands and build positive word of mouth. We depend on the trust given by consumers to advance the development of the Group's business. We provide professional training and sportswear

for athletes to raise standards in the field of sports. We share what we've gained with various sectors of society, and transform our profit into developmental opportunities for different social classes. Each person's participation in the group has brought about multi-directional inspirations, providing encouragement for us to explore more possibilities for development in the way we run our business, to achieve mutual benefits and symbiosis, and help people to help themselves.

As ‘people’ is the most important component of the Group, we place both our internal and external stakeholders as our top priority. We protect the environment, most importantly in accordance with the interests of the people. During the year, we took it upon ourselves to conduct the first stakeholder engagement. We will gradually expand the scope of our stakeholder engagement to collect more representative opinions and improve our performances from the inside out of the Group.

Looking forward, I have full confidence in our Group, believing that our team will bring values to all stakeholders from their work on sustainable developments on environment, society and governance.



Ding Shizhong
Chairman

Hong Kong, 19 May 2017

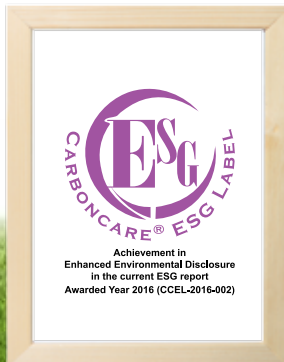
ABOUT US



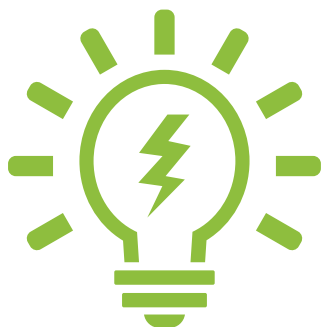
Company Profile

ANTA was established in 1994, while ANTA Sports Products Limited (Stock code: 2020HK), a leading sportswear company in China, was listed on the Main Board of HKEX in 2007. For many years, we principally engaged in the design, development, manufacturing and marketing of ANTA sportswear series to provide the mass market with professional sporting products including footwear, apparel and accessories. In recent years, we have started moving full steam ahead on the strategy of "Single-focus, Multi-brand, and Omni-channel" to deepen our footprint in the sportswear market with our vibrant brand portfolio, including ANTA, ANTA Kids, FILA, FILA KIDS, DESCENTE and NBA, and our Omni-channel strategy so as to seize every opportunity in all important retail channels in the mass and high-end markets in China.

Prize



- Commended by the "Carbon Innovation Lab" with the "CarbonCare® ESG Label" for our 2015 Environment Social Governance Report
- Awarded the first prize of "Provincial Standard Contribution Award" for evaluating antibacterial capability of footwear and materials from Fujian Bureau of Quality and Technical Supervision
- Won the "2016 Best in sector: Consumer discretionary & consumer staples" at the IR Magazine Awards
- Received a gold medal in the Sports category for our investor relations website at the "2016 iNOVA Awards"
- Listed as one of the "50 Companies Worth Watching in 2017" by Bloomberg Intelligence and becomes the only Chinese sportswear company among the four selected Chinese enterprises
- Won "Best managed companies in Asia by sector (Consumer)" presented by FinanceAsia, an authoritative financial publication in Asia
- Received awards for the second consecutive year, namely "Best IR Company (Large Cap)"; "Best IR by Chairman/CEO (Large Cap)";



Innovation

To improve our reporting continuously, we reveal the relationships between the Group and various stakeholders to show our concept of achieving mutual benefits and symbiosis and to address the concerns of stakeholders.

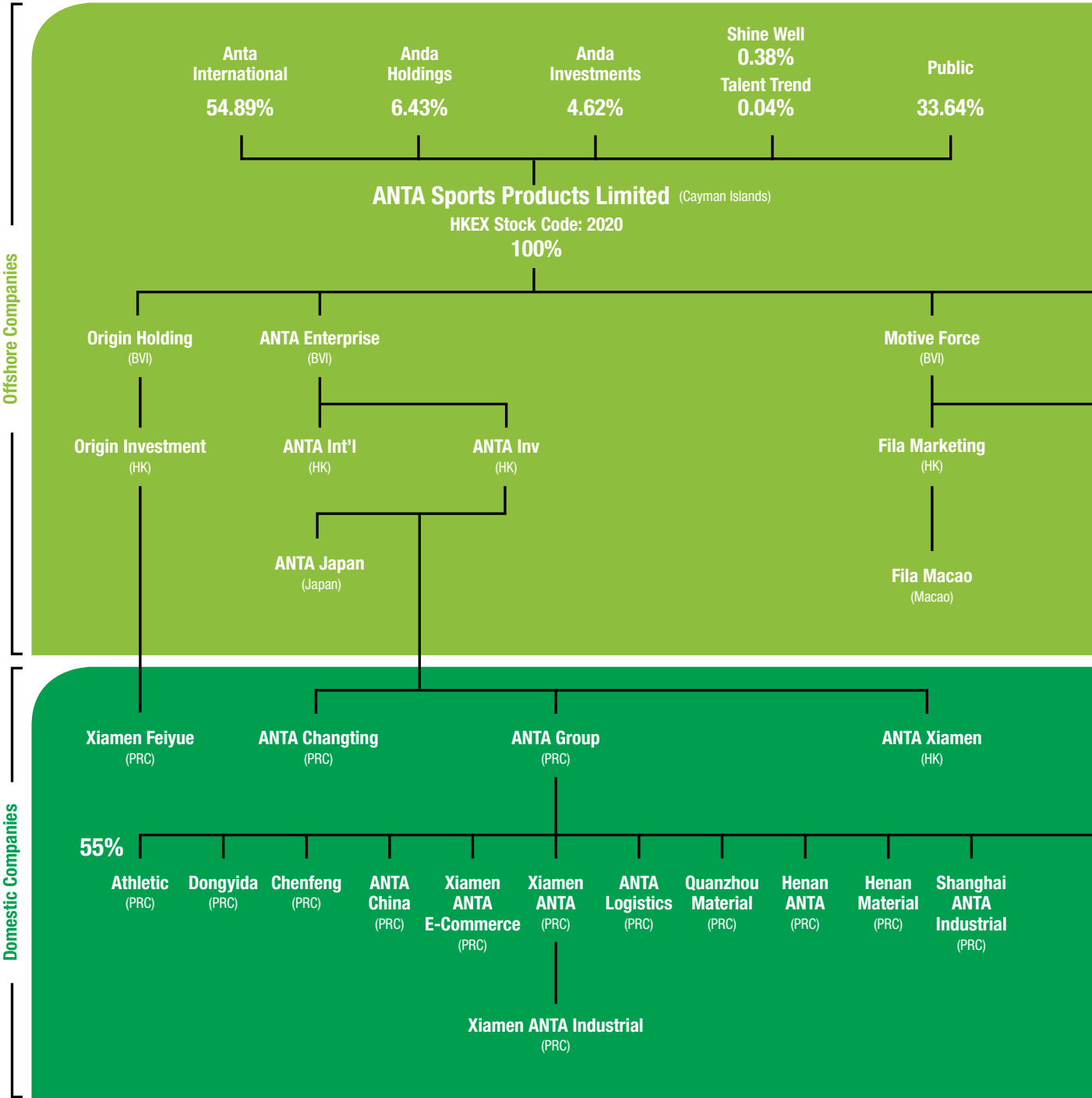


“Best IRO (Large Cap)”; and “Best IR Presentation Collaterals (Large Cap)” at the Investor Relations Awards organized by Hong Kong Investor Relations Association

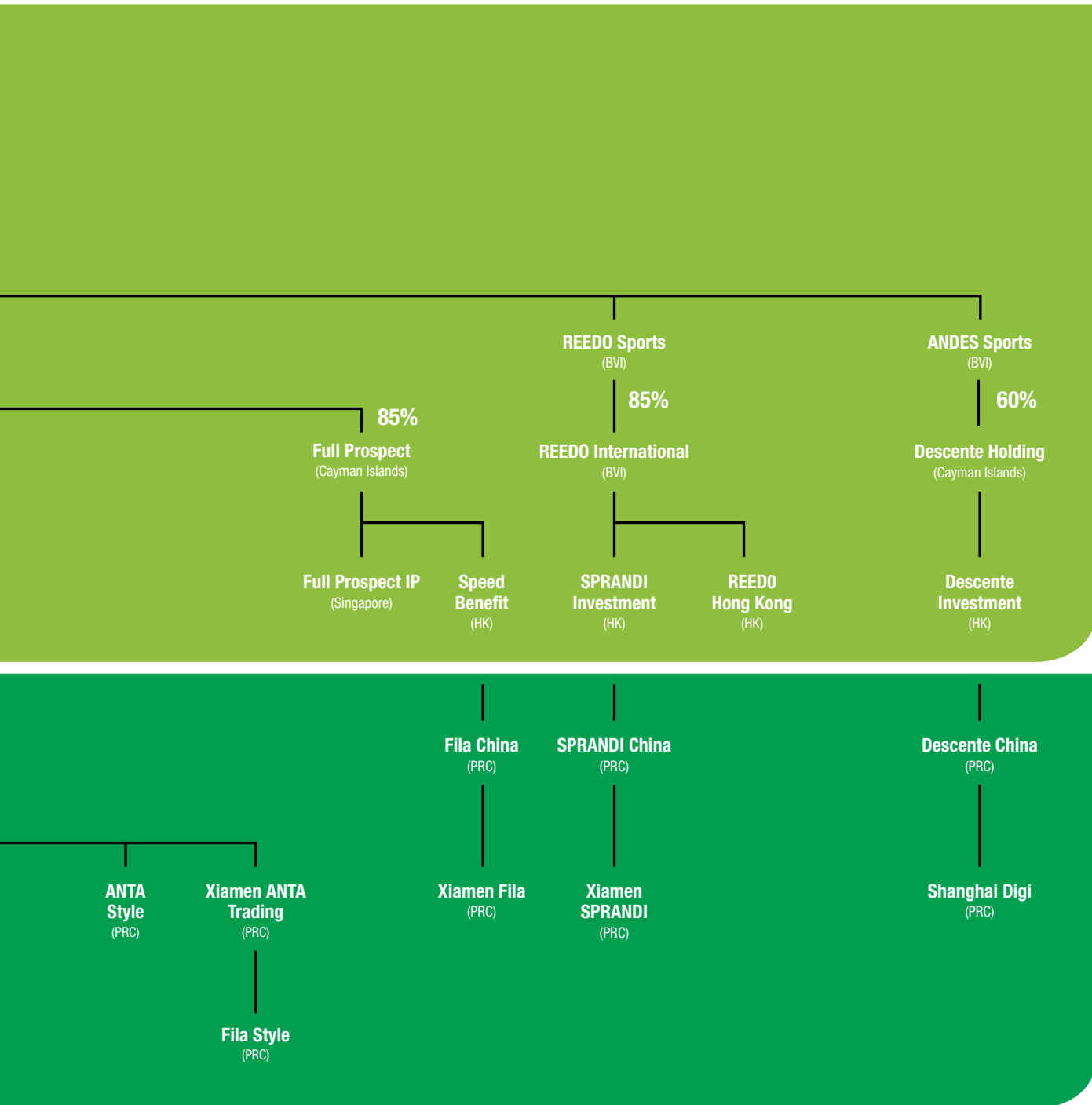
- ANTA Sports travel and sports shoes being ranked as the first in terms of market share in China for 15 consecutive years, according to the results of “2016 China Consumer Market Development Annual Conference”
- Named “Top 100 Integrated Strength” and “Top 10 High Resilience Enterprise” at “Top 100 Hong Kong Listed Companies Selection Event” co-organized by Finet Group Limited and QQ.com
- Became the only sportswear and apparel enterprise to be recognized as the “CSR Contribution Prize” at the “2016 CSR Annual Ceremony” organized by Economic Observer
- Received “Best Investor Management Award” at the “2016 Hong Kong Stocks Awards” co-hosted by Zhitong Caijing and 10jqka.com.cn
- Won the “2016 Outstanding Employer Award” at Liepin Web

2016 HIGHLIGHTS

Group Structure¹ (As at 31 December 2016)



1. Above definitions can refer to 2016 Annual Report



2016 HIGHLIGHTS



Give to

Provide funding

Paid dividend to shareholders of RMB1,541 million

Give to

Give to

Work to driving revenue for the Group

Achieved a staff cost ratio (as a percentage of revenue): 11.3%

Give to

Give to

Support industry development

Paid tax (effective tax rate: 26.2%) and create job opportunities

Give to

Give to

Innovate and revitalize the Group and its brands

Bolster the Sports for all culture and enhance the industry development

Give to



Investors/Shareholders



Organized:



Annual and interim results presentations



One-on-one meetings



Conference calls



Non-deal roadshows and investment forums etc.



Employees



As of 31 December 2016, the total number of employees is around **17,800**



42%



58%



Stable turnover rate is at 2.4%



Government/Supervisory authorities



Actively participated in industry conferences



Awarded the first prize of "Provincial Standard Contribution Award" for evaluating antibacterial capability of footwear and materials from Fujian Bureau of Quality and Technical Supervision



Actively cooperated with the policies stated in the "Blueprint of Healthy China 2030" and also other relevant sports policies



Society



Donated sportswear of around RMB36 million in Sport-All for All programs



Sponsored 24 Chinese national teams under five sports management centers, namely Water Sports, Winter Sports, Boxing and Taekwondo, Gymnastics and Weightlifting, Wrestling and Judo



Engaged a total of 97 teams with 2,000 teenagers in "ANTA Cup" matches



Give to

Maintain a stable climate and environment

Determine to minimize the emissions of greenhouse gases

Give to



Environmental protection



Adopted higher cost yet eco-friendly practices and materials such as water-based adhesive



Used environmentally-friendly Sorona® fiber for "Champion Dragon Outfit"

Compared to 2015, although the Group's revenue rose by 20.0% to RMB13.35 billion:



Total GHG emission: +6.6% to 65,613 tonnes CO₂e



Carbon intensity (per RMB million revenue): -11.1% to 4.92 tonnes CO₂e

Give to

Provide high quality materials and products

Assist in production and operation

Give to



Suppliers



ANTA's suppliers for shoes and apparel:



516



14



Organized Supplier Annual Meeting



Frequently collected the opinions and satisfaction levels of suppliers

Give to

Contributed a total revenue of RMB13.35 billion

Offer high-quality sportswear products

Give to



Consumers



ANTA introduced new styles of over:



footwear

1,700



Apparel

3,600



Accessories

1,200

Give to

Further maximize store efficiency as to enhance the brand influence

Provide operational support and relevant training

Give to



Distributors/ Franchisees



ANTA's distributors:



47



Organized Distributor Annual Meeting



Held "Champion Store Manager" Competition and more than 80 store managers were awarded

Sustainability Review

OUR BUSINESS

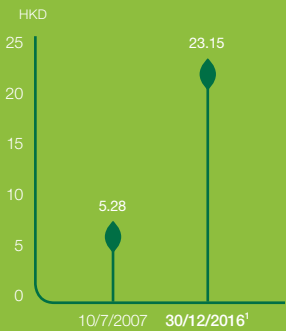


Sustainability
meaning

And where are we?

Increased potential for long term value creation

Stock Price quadrupled since IPO



1. Bloomberg data

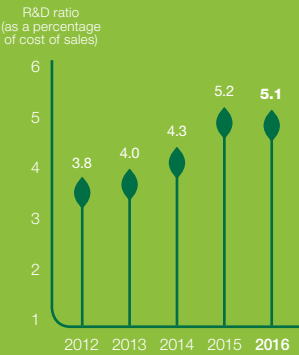
Growing revenue potential

Keeping an upward revenue trend



Increased innovation potential

Rising R&D expense



Multi-brand strategy



New products in 2016



Financial Performance for 2016

RESULTS HIGHLIGHTS

Financial Performance



Revenue
increased by 20.0% to
RMB **13.35** billion



Gross profit margin
increased by 1.8%
percentage point to
48.4%



Profit attributable to equity
shareholders increased by 16.9% to
RMB **2.39** billion



Basic earnings per share
increased by 16.8% to
RMB **95.36** cents



70.2% payout of the profit
attributable to equity shareholders

Operational Performance



Number of ANTA
stores (including
ANTA KIDS
standalone stores)
in China stood at
8,860



Number of FILA stores
(including FILA KIDS
standalone stores) in
China, Hong Kong and
Macao stood at
802



Number of
DESCENTE
stores in China
stood at
6

2016 HIGHLIGHTS

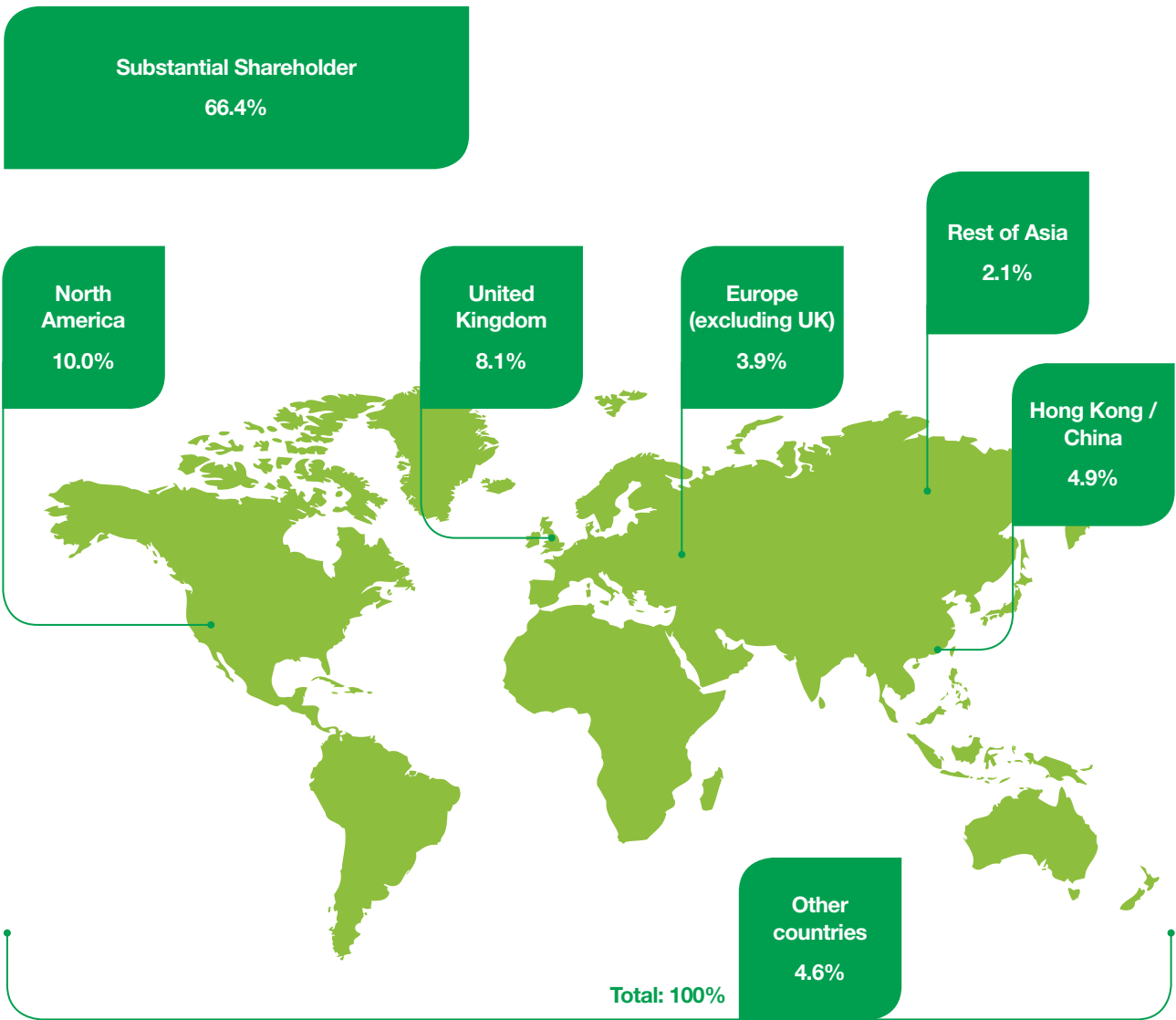
Constituent stock

ANTA Sports became the constituent stock of the following indices:

Index Abbreviation	Index name in English	Index name in Chinese
BESGPRO	Bloomberg ESG Processed Index	N/A
BWORLD	Bloomberg World Index	彭博世界指數
HSCI	Hang Seng Composite Index	恆生綜合指數
HSCICG	Hang Seng Composite Consumer Goods Index	恆生綜合消費品製造業指數
HSLI	Hang Seng Composite Large Cap Index	恆生綜合大型股指數
HSCICG	Hang Seng Composite Consumer Goods Index	恆生綜合消費品製造業指數
HSSUS	Hang Seng Corporate Sustainability Index	恆生可持續發展企業指數
MXAP	MSCI AC Asia Pacific Index	MSCI亞洲指數
SBBMGLU	S&P Global BMI in US Dollar	標普BMI全球指數
SCRTCN	S&P China BMI Index	N/A
SCRTEM	S&P Emerging BMI Index	標普BMI新興市場指數
SGYU1	SP Global MidSmallCap	標普全球中小盤
SPEAC	S&P Emerging Asia Consumer Index	標普亞洲新興市場消費指數
2805IV	VANGUARD FTSE AEJ ETF IV	領航富時亞洲（日本除外）

Shareholder Structure¹ for 2016 – by Origin

As at 15 December 2016



¹Based on the analysis of our shareholder structure made by the third party appointed by us

KEY QUESTIONS FROM STAKEHOLDERS

Q: Some fashion brands, regardless of local or foreign, partner with some suppliers which are denounced for their poor quality, especially in terms of governance and environmental measures. As news are heard regarding suppliers' harsh treatment to employees or substantial environmental impact, even affecting the image of the Company, what initiatives are taken to ensure similar incidents would not happen to your company?



and verification, and to examine their product quality and production process to ensure the overall performance meets the standards.

To encourage suppliers to further enhance performance, we have established a performance appraisal mechanism to link reward with performance. Well-performed suppliers will have a higher chance to obtain more orders, resources and assistance.



A: We fully believe that the business development of suppliers should be aligned with us, otherwise it will influence the ordinary course of business, or even bring about operational risks. We use our comprehensive assessment mechanism to select partners, demanding them to obtain various certifications for manufacturing and quality systems and meet ISO international standards, in order to reduce risks at source.

Partnering with suppliers, we will provide appropriate resources to them to expedite their growth. We offer "Management Solutions of QC Certification" for suppliers to regulate training and operating standards. For environmental protection, "Apparel, Footwear and Accessories Material Safety Techniques Regulations" and "Supplier's Chemicals Safety Management Handbook" are used as guidelines. We will also deploy supervisors regularly to the factories to conduct inspections

Q: As reported earlier, several international brands were found using waterproof material that contains harmful substances polyfluorinated chemicals. Does ANTA Sports use any similar materials? Facing a business-environment conflict, which will the Company prioritize?



A: None of our products are made of these materials. Safety is the most essential and fundamental

principle for developing new products of the Group. We will carry out risk assessment and quality control inspections in different phases of product cycle. During product design and development, the quality control centre conducts material and product assessment and certification to ensure health and safety. During product manufacturing, factories are



required to carry out testing in strict compliance with internally formulated product testing schemes and standards. Before product delivery, the Company's operation centre is responsible for examining the goods, while the quality control centre is responsible for checking the quality to ensure it meets safety and health requirements. Through multiple testing before the dispatch of products to our customers, we strive to minimize the safety and health risks associated with our products.

Facing this dilemma, we will guard the bottom line and change whatever is necessary as believed. While promoting industry development, we hope to lower the cost of materials or techniques. We believe the greatest resistance to reform is not making changes, but reforming the industry norms. If the industry views protecting the environment as necessary, it will ease the dilemma to a larger extent.



Q: With counterfeits of sports brands are prevailing in the market, how does ANTA Sports protect its own brands?



A:

With more than 10-year experiences of anti-counterfeiting activities regarding ANTA, we have

eliminated most of the production sources of counterfeit products. During the year, there were a total of 12 counterfeited cases related to production, with the same characteristics of hidden factory location and small scale. On the other hand, we also devoted more resources to anti-counterfeiting activities regarding FILA. During the year, there were a total of 18 counterfeited cases, which 7 of them involved trademark counterfeiting.

With the gradual growth of the share of e-commerce business within the Group, we partnered with Alibaba, an e-commerce platform operators for combating online counterfeiting sales activities together. During the year, we have removed 33,000 hyperlinks that contained intellectual property infringing contents and shutted down 800 stores. Moreover, we collaborated with Alibaba and law enforcers to curb online counterfeiting at source by analyzing the big data. More importantly, our fight against online counterfeiting was listed as one of the ten national intellectual property protection cases by Alibaba for 2016, in recognition of the strength and influence of our online brand protection activities.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group always place importance in communicating with the stakeholders. During the year, through channels including employee forums, supplier meetings, distributor meetings, non-deal roadshows, investor meetings and general meetings, we wished to understand their opinions and to incorporate them into the Group's goals and policies, providing a clearer direction for our long-term development.

Stakeholders relevant to the Group's Major Businesses



As a part of the materiality assessment during the year, the Group engaged a consultancy firm to communicate with our stakeholders who are inextricably linked to our business development. Through face-to-face and conference call interviews, the consultancy firm conducted assessment on the important

environmental, social and governance aspects, as well as on issues that were of stakeholders' mostly concerns, which help determine their materiality and decide the reporting focus of the year, so that stakeholders' concerns and enquiries can be effectively addressed.

Identify Potential Material Factors

During the year, the Group compiled a list of 21 relevant issues that can be included in the report for further discussion with the stakeholders, in reference to the KPIs stated in the Guide, the interview results and the industry characteristics.

Prioritize issues according to the materiality

The Group engaged a consultancy firm to conduct detailed interviews with 12 stakeholders in October and November 2016 to gather their views on the below sustainability topics. After the interviews, they completed surveys and rated how the issues are material to our company businesses. The consultancy firm compiled the following materiality matrix based on the survey results.



Aspect A

-  **Climate change**
-  **Use of packaging materials**
-  **Greenhouse gas emissions**
-  **Use of water**
-  **Use of electricity**
-  **Indoor air quality**
-  **Noise pollution**
-  **Hazardous waste emissions**
-  **Non-hazardous waste emissions**
-  **Hazardous gas emissions**
-  **Non-transportation related energy consumption**
-  **Transportation related energy consumption**

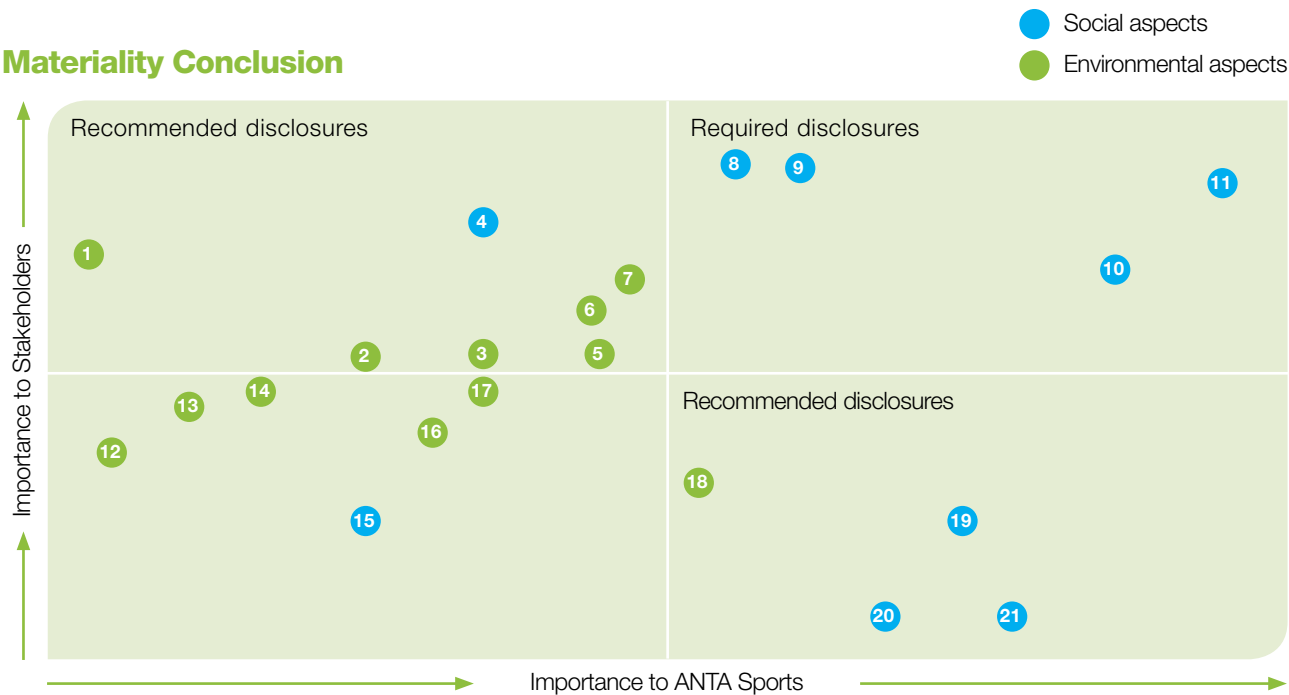
Aspect B

-  **Anti-corruption**
-  **Product responsibility**
-  **Community investment**
-  **Employee welfare**
-  **Health and safety**
-  **Employee development and training**
-  **Child labour and labour exploitation**
-  **Human rights**
-  **Supply chains**

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Materiality Matrix

Materiality Conclusion



- | | | |
|---|---|---------------------------------------|
| 1. Greenhouse gas emissions | 9. Supply chains | 15. Community investment |
| 2. Use of water | 10. Health and safety | 16. Climate change |
| 3. Use of electricity | 11. Product responsibility | 17. Hazardous gas emissions |
| 4. Child labour and labour exploitation | 12. Non-transportation related energy consumption | 18. Hazardous waste emissions |
| 5. Noise pollution | 13. Transportation related energy consumption | 19. Employee welfare |
| 6. Indoor air quality | 14. Non-hazardous waste emissions | 20. Human rights |
| 7. Use of packaging materials | | 21. Employee development and training |
| 8. Anti-corruption | | |

2016 Results and Internal Discussion

We, through the materiality assessment and the conclusion matrix, confirmed the disclosure focuses, among which we will emphasize on reporting the “required disclosures”, and the “recommended disclosures in the next place. We understand that we have to disclose further information regarding the above 5, 6, 7, 12, 13, 14, 16, 17, 18 aspects. However,

we previously didn’t arrange and collect the information. In the future, we will make further disclosure after relevant information is appropriately collected.

Communicating with stakeholders is an interactive process. We can grasp stakeholders’ important views on the company business through conversation. Given the different backgrounds of the stakeholders, their thoughts on the same topic may vary. We hope to analyze every

part of the company operation through communications with stakeholders in order to strike a balance for different parties’ benefits and to enhance the company performance in long term. As it is the first time the Group has conducted communications with stakeholders, we firstly communicated with some of the key stakeholders. We hope to gradually expand the aspects and numbers of stakeholders for interviews.

Communications with External Stakeholders

Apart from the above stakeholders, we also communicate with external stakeholders on several occasions to ensure their views and opinions can be expressed, and that the company will develop on the right track.

Suppliers	<ol style="list-style-type: none"> 1. Collect opinions including technical and management standards twice a year to provide grounds for revision on production and management approaches 2. Conduct annual survey on supplier satisfaction 3. Hold annual suppliers meeting
Distributors	<ol style="list-style-type: none"> 1. Hold annual distributors meeting 2. Hold trade fairs 4 times a year
Consumers	<ol style="list-style-type: none"> 1. Conduct annual survey on customers satisfaction 2. Collect customer opinions through complaint hotlines
Investors/Shareholders	<ol style="list-style-type: none"> 1. Hold annual general meetings 2. Participate in investor events such as one-on-one meetings, investment forums and conference calls 3. Arrange visits to the company, stores and trade fair activities 4. Arrange non-deal roadshows in Hong Kong, Beijing, Shanghai, Shenzhen, Singapore, Tokyo, Taipei, London, Zurich, New York and San Francisco 5. Conduct online live webcasts for the annual and interim results presentation
Government/Regulatory authorities	<ol style="list-style-type: none"> 1. Participate in several meetings on sportswear standards formulation
Media	<ol style="list-style-type: none"> 1. Hold press conferences on results announcement twice a year 2. Conduct interviews with media several times a year
Owners of stores/Shopping malls/Department stores	<ol style="list-style-type: none"> 1. Negotiate for the most favourable rent for both parties 2. Enhance 2-way communications by inviting store owners to participate in branding events
Community	<ol style="list-style-type: none"> 1. Hold varieties of charity events to encourage people to participate in sports activities 2. Donate sportswear products to the people in need
Brand endorsers	<ol style="list-style-type: none"> 1. Build suitable products for spokespersons, including Klay Thompson, Manny Pacquiao and Chen Penbin, and have the products launched to popularize the professional technology
Chinese athletes	<ol style="list-style-type: none"> 1. Provide trainings and competition sports gears to the athletes from the 24 national sports teams 2. Cooperate with the Chinese Olympic Committee to provide “Champion Dragon Outfit” for the Chinese athletes to receive awards

Aside from the above targeted communicative activities, different channels have been established for parties who care about us. For example, our investor relations website (ir.anta.com) launched in mid-2016 has incorporated the latest responsive web design, facilitating investors and the public to research on our news with computers or mobile phones. The webpage design has won the gold medal in the Sports category at the “2016 iNOVA Awards” and we were the only sportswear company to win this award, which was a recognition of our efforts in continuously enhancing the communication channels with the public.

OVERALL PERFORMANCE IN 2016

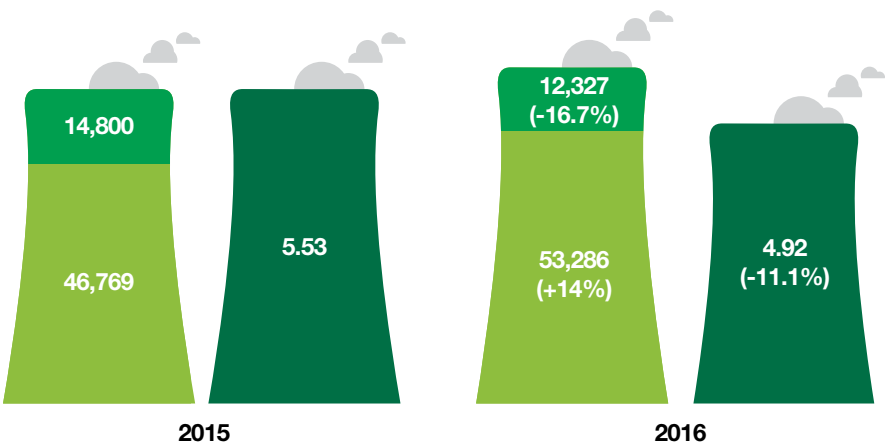
Walking Hand in Hand with the Environment

Environmental change brings about unpredictable challenges to our operations. Greenhouse effects and global warming have altered the consumption patterns of the public, directly affecting our existing methods of design, production, packaging and sales. It is hence necessary for us to conduct internal review to cope with the changes caused by the extreme climate change. Besides, with the increasing environmental awareness, stakeholders are more concerned about the company's attitude towards environment protection. They anticipate that we will take more social responsibilities in protecting the environment when we are generating profits.

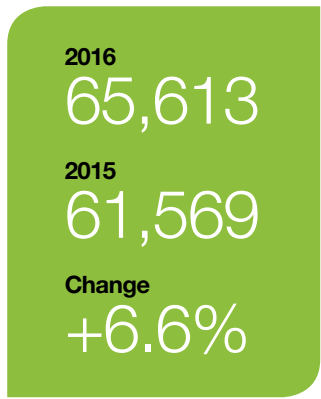
The following covers our performance in carbon emissions and environment protection¹:

Carbon Emissions Data¹

Greenhouse gas (GHG) emissions scope (tonnes CO₂e)



Total GHG emissions



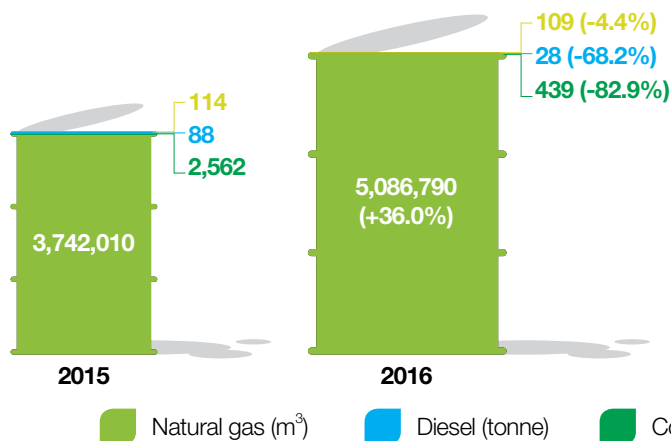
- Emissions in scope 1 (Solid, liquid and gaseous fossil fuel combustion)
- Emissions in scope 2 (Purchased electricity)
- Carbon intensity (per million RMB revenue)

While the Group's revenue rose 20.0% to RMB13.35 billion and the overall emissions was approximate to last year, the carbon intensity decreased by 11.1%. We recorded a 16.7% drop in the emissions in scope 1 which was due to the decreased emissions of GHG as a result of the increased ratio in the use of natural gas and decrease in the use of coal.

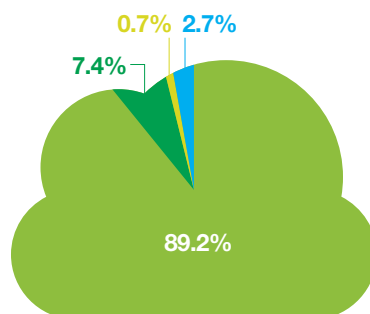
1. We apply "Equity Ratio Method" to adjust our calculation of overall GHG emission, according to the shareholding ratio of every unit. Since the report in 2015 did not adopt the "Equity Ratio Method", the data of 2015 has been adjusted to reflect the adoption of "Equity Ratio Method". On the other hand, this report excluded the recycling data for packaging materials and paper products

Scope 1: (Solid, liquid and gaseous fossil fuel combustion)

Resource Consumption



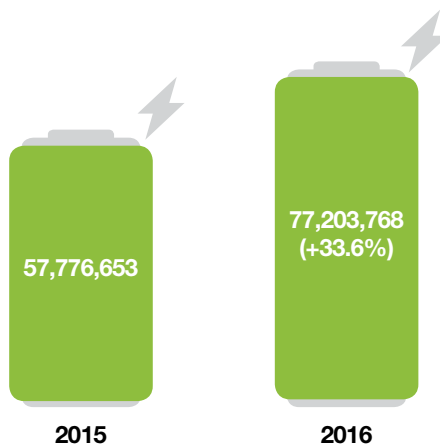
The percentage of GHG emissions of Scope 1 during the year



Scope 2: (Purchased electricity)

Resource Consumption

Purchased electricity (kWh)



The natural gas consumption increased by 36.0% compared with last year, while the consumption of coal and diesel decreased by 82.9% and 68.2% respectively. During the year, we increased the use of natural gas as it is a cleaner fuel by emitting much less pollutants during combustion, with 40%-60% less of carbon dioxide than the combustion of coal, or 20% less than that of oil, to reduce the GHG emissions and prevent the intensification of the greenhouse effect.

OVERALL PERFORMANCE IN 2016



Reasons for Reduction - Overall Carbon Emissions (Scope 1+2)

Office building in Jinjiang



- The office building in Jinjiang was renovated in 2015, which had a higher demand of electricity. The renovation was completed in 2015.

Quanzhou Material (PRC)

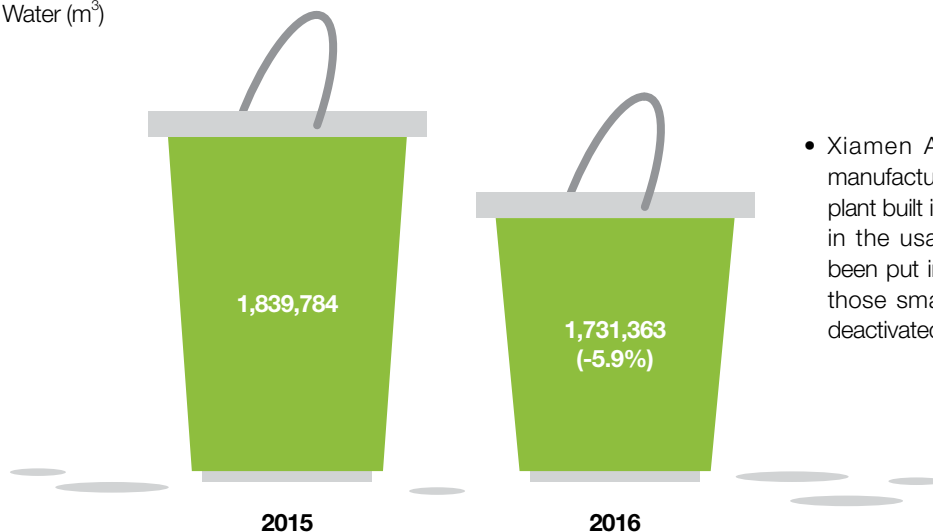


- In 2015, coal was still used for production. However, natural gas has been fully applied during the year.

Reasons for Reduction - Overall Usage of Water:

Resource Consumption

Water (m³)



- Xiamen ANTA Industrial (China), which manufactures apparel products, had its new plant built in 2015, which induced the increase in the usage of water. The new plant has been put into production during the year and those small scale local factories were also deactivated to improve the overall efficiency.

Other Aspects

We are optimizing the calculation process for the consumption of packaging materials and paper products. For non-hazardous wastes, we recycled the general wastes through recyclers, yet the information and records were not complete. As the information is of no significance to our business according to the materiality assessment, the relevant data would be disclosed upon the implementation of the relevant data collection systems. For hazardous waste, we adopted location-based handling approaches including partnering with qualified local professional recyclers to handle the wastes to ensure strict compliance with relevant laws and rules.



OVERALL PERFORMANCE IN 2016



Upstream Environmental Protection Measures (Procurement and Development)

In order to cater to the dynamic needs of consumers, we have always sought innovation on development in the hope of bringing products of even better quality to the public. At the same time, we have taken initiatives to improve development process to address society's demands regarding environmental protection.

During the development process, we used to make minor adjustments and changes to the models of new products by hand, which took longer and created more wastage in terms of materials. During the year, we tried to apply 3D printing technology to the development of new models; aside from cutting down the time needed, the precision of the 3D printing sample reduces wastage of raw materials.

In addition, we have also raised our requirements for our suppliers in terms of environmental protection. Aside from providing major suppliers with

the "Apparel, Footwear and Accessories Chemical Safety Technical Guidelines" and "Handbook for Supplier's Chemical Safety Monitoring", as well as relevant environmental protection work suggestions, we also sent employees to conduct regular checks at supplier factories to ensure that relevant environmental protection work suggestions have been implemented. Also, to encourage suppliers to get certified, we provide assistance in various ways to create a friendly environment and contribute to environmental protection jointly.

Mid-stream Environmental Protection Measures (Manufacturing)

Manufacturing process has always been the part that brings the heaviest burden to the environment. Not only does it use a great deal of fuel and raw materials, but it also involves the use of chemicals, which could easily lead to pollution. Hence, we have made improvements on the manufacturing process as well as materials involved, in the hope that in the inevitable process of manufacturing and producing emissions, we could find a way to protect the environment.

During the year, we advocated for the use of water-based adhesive in place of benzene-free glue with the aim of eradicating toxic volatile compounds. Not only did we further reduce the production of other volatile chemicals and smells, but we also ensured that the footwear products received by consumers are not harmful to humans. In fact, all our production lines have long used benzene-free glue in place of those containing benzene, but in order to completely avoid chemical contents in our products, we chose to advocate water-based adhesive even it added to our costs, in the hope that we can increase awareness in the industry to take more initiatives to protect the environment.

Aside from water-based adhesive, our "Champion Dragon Outfit" used renewable resources, the environment ally-friendly polyester fibers from DuPont™. The warp is made of recycled fibers created from the reproduction of soft drink bottles; whereas the weft is made using corn that undergoes biotechnological transformation to

become the Sorona® fiber. It used recycled water that is produced from an energy-saving staining technique and resin which is free of fluorine and solvents.

In addition to the above, paper products are one of the materials which we use most. In order to cut down on carbon emissions caused by paper disposal, we took various measures. Aside from encouraging employees to reduce paper usage through administrative measures, we also reduced the use of paper products, including improving product labeling by reducing the number of labels from two to one on each paper box. This measure not only improved employee's efficiency, but also reduced labeling costs by about RMB2 million. We believe that as long as we stand firm in our commitment to protecting the environment, and have the courage needed for innovation, we can be an even better role model for industry.

Downstream Environmental Protection Measures (Sales, Company Policies and Charity Programs)

We focused on product packaging and store renovation, and strived to cut down waste and pollution while minding the surrounding environment. For instance, as we have a great variety of footwear products that come in different sizes, we strived to improve shoebox sizes during the year by increasing the selection from three to five. A more precisely sized shoebox means less paper wastage. Also, aside from encouraging customers to bring their own bags, we also switched to biodegradable plastic bags and paper bags to reduce the chance of plastic polluting the environment.

As for store renovation, in order to ensure that distributors understand the Group's requirements, we established a clear 'Handbook for Operational Standards' for our distributors to abide by. For instance, we specified the requirements for light bulb lumens in our stores to minimize light pollution caused to the neighbourhood.

More importantly, we strictly abide by the newly revised "Environmental Protection Law of the People's Republic of China", "Energy Conservation Law of the People's Republic of China" and other laws and regulations. Moreover, after receiving the ISO14001 environmental management system certification since 2005, we have implemented the system in offices and factories according to the requirement, and developed management objectives to enhance the environmental protection performance through the monitoring of emissions. In terms of institutions, we have also formulated various internal environmental protection policies, including the

installation of monitoring equipment and the development of contingency plans for environmental emergencies, to minimize the harm caused by accidents to the environment.

Apart from these, the "ANTA Grand Forum", acting as a communication platform for employees, allows them to exchange ideas on environmental protection. Relevant training courses have also been provided regularly to ensure that the employees understand the correct concepts of environmental protection and are in line with our goals. During the year, we organized the "Online Charity Run", in which we would donate RMB1 for every 1 km run by participants to purchase seedlings of mangrove trees. The participants and employees were invited to plant the seedlings together. With more than a thousand people joining the event, it not only helped the participants to know more about the growing habitat of mangroves, but also strengthened their understanding towards the importance of environmental protection.



OVERALL PERFORMANCE IN 2016

Walking Hand in Hand with Our Employees



As of 31 December 2016, we had about 17,800 employees, 42% and 58% of who were male and female respectively. The overall turnover rate was 2.4%, which demonstrated that we effectively retains talents

The nature of the Group's business is labor intensive, especially in the sectors of manufacturing and retailing. Employees from various levels are all pivotal to our development, and representing an indispensable part of

our long-term development strategy. Thus, the work environment and rights of employees is crucial to whether the teams are able to fulfill their due management functions and manifest the corporate image of the company.

Needless to say, we are only as good as our team. We need to establish the right mechanisms to appraise and reward those who contribute to our success. We believe in "learning from our company's role models together" in order to realize our goals. Every employee in the Group knows that they should devote their best, in which their commitments are one of the cornerstones for our success.

This is enhanced by the performance of some outstanding members who lead the standard for others in the Group. We will continue to encourage, reward and help them to meet their career goals. We believe it is imperative that such members are made to feel valued, satisfied and respected. Thus, we strive to create a harmonious working environment for employees to dedicate themselves to their work in a pleasant atmosphere, and achieve continuous growth in line with the Group's goals at heart. We also strive to promote gender equality, and acquire talents with various backgrounds into our big family from all walks of life.

Reasonable and Safe Work Environment

In order to express our care for employees, we have implemented various policies and procedures to create a safe and healthy working environment. Aside from providing the “Safety Handbook” and “Environmental and Occupational Health Handbook” for employees, we offered safety education and fire safety training to all employees to share practical safety knowledge, and tailored health checks for employees working at certain positions, in order to ensure that they meet relevant standards. We provide factory workers with protective gear as necessary, and our professional safety supervisors regularly conduct safety monitoring and assessments and provide rectifications at the earliest opportunity in order to prevent work-related injuries and accidents.

With a work-related injury ratio (injured employees/total number of employees) of 0.2% during the year, it is obvious that our safety and health measures were effective. We also received the “Occupational Health and Safety Management System Certification” by China Quality Mark Certification Group, which proved that our product quality, production process and sales management all met stringent safety standards. In addition, the Group’s production line employs a two-shift roster and hired additional temporary workers during peak periods to alleviate the workload of frontline employees to avoid fatigue. If we find



that employees are working overtime to finish their work, we will adjust their shifts and ensure that we pay due overtime pay to ensure reasonable compensation. Outside of work, we provide free physical and psychological health checks for our employees, and continuously add to the list of items checked to do our part for our employees’ health.

Work-related injuries not only reduced our operating efficiency, but also brought burdens and pressure to the society. The Group strives to ensure that our employees’ contributions are rewarded appropriately. Aside from strictly adhering to labor laws, regulations and industry guidelines, including implementing minimum wage, gender equality regulations and statutory holidays, we also strictly enforce anti-child labor and corruption

prevention guidelines. The human resources department regularly reviews and updates the Group’s internal guidelines according to the latest laws and regulations to ensure that the corporate governance keeps up with the times.

In addition, as our team is large in number, from the management to frontline employees, there is a vast span of layers between the differences in the working environment and workload. It is our responsibility to ensure that the remuneration is commensurate with their workload. We formulate different remuneration calculation methods according to respective job natures; for instance, we offer a higher starting salary to entry-level employees in the logistics team who need to handle cargos to ensure their efforts are repaid.

OVERALL PERFORMANCE IN 2016



Ensuring a Harmonious Work Environment

Aside from forums and employee seminars, we also conduct regular surveys to understand employee's satisfactory levels regarding their work environment and benefits. If our findings conflict with our short- or long-term, partial or overall interests, we will formulate appropriate governing policies with our findings at the core of our decision, in order to cater to corporate interest and employee needs.

According to the latest employee satisfaction report, the overall employees satisfaction level is at 82.8%, representing an increase of 1.7% percentage point compared to last year, which is the highest overall employees' satisfaction rating recorded to date. The wages and benefits as well as human resources system and

services aspects were rated highly. We also found that the upgrade of internal system increased work efficiency for our employees, which led to an increase of 4.5% percentage point in satisfaction levels with information management.



Growing Alongside Our Employees

We fully support our employees' continued education, and strive to help them discover their potential, as we believe that this helps maintain high efficiency in our performance. During the year, we provided various training for both in-service and new employee, including group training, technical practices, safety courses, retail training camp and more. The Group also offers training programmes such as "Champion Talent", "CEO classes" and "ANTA New Army". Through experience sharing and training courses, these programs offer management training to employees at various levels, after which they will be assigned important tasks. In terms of production, quality management centers provide weekly internal training on quality control to enhance employee awareness of production and service quality testing. We also hold skill competition from time to time to encourage continuous development of our employees. At the same time, we standardized service requirements and guidelines in self-operated store and stores owned by distributors, treating all employees in

the same way. In addition, we offer education allowance to qualified employee to encourage independent learning of knowledge and technical skills.

During the year, we held the "ANTA New Army" programme for over 300 new recruits, which include new-joiner training, teaching instruction and on-the-job training led by experienced employees to prepare them for the workforce. We hope that by understanding the progress of employee training, we can shorten the time needed for employees to be familiar with their roles and operational process. As for external training, we invited professional trainers to offer courses to our employees, including the "CEO Classes", co-hosted with Xiamen University, to enhance the management's understanding of the latest business environment and economic measures, during which they can also learn from the valuable experiences of other corporations.

As for career paths, we have implemented a fair and open appraisal system. We offer opportunities for promotion and development according to respective

employees' performance and results of internal appraisals, in order to uncover employee potential. We also internally announced news on promotion, not only to enhance the transparency of promotion system, but also to share the good news and encourage other employees to strive to advance their careers.

Harmonious and Collaborative Corporate Culture

Team spirit is established on a harmonious corporate culture. Thus, we share our latest news through varieties of gatherings, such as birthday parties, annual dinner, singing contest, and the internal monthly magazine "ANTA Youth" to enhance our employees' sense of belonging.



OVERALL PERFORMANCE IN 2016

As a sportswear company, in order to promote sports culture, we provide our employees with sports and recreational facilities such as tennis court, basketball court, recreation room and gymnasium. During the year, we held a basketball matches, football matches, and a FILA sports day for our employees, as well as other outdoor activities and marathons at various places stimulating employees' interest in sports and passion to us. In the meantime, we have set up a "Caring Fund" to provide unwell colleagues and their family with healthcare subsidies.

Walking Hand in Hand with Employees' Family

We believe that family life supports spiritual well-being and growth to better prepare for challenges. Thus, we strive to create a working environment that allows family and work to co-exist in harmony, in which employees can care for their loved ones outside of their work and strike for a perfect balance in the development of both their work and family. Aside from competitive salary, we also offer a series of benefits to enhance

employees' sense of belonging, including discounts on our brands, travel, free meals, housing allowance and more. We hope that in addition to treating our employee well, we can also care for their family members.

Besides, we specially built couple and family rooms in some of the employee quarters, so that our married employees can build a harmonious future with their family in the campus. We also offer transportation to and from school for their children, as well as daycare





services that provide a comfortable and quiet environment for them to study and work on schoolwork after class, helping our employees focus on their own career without any worries. For our employees to fulfill their role as parents, in addition to providing female employee with maternity leave according to local laws, we have also established 15 days paid leave for new fathers in different units. We hope to encourage fathers to fulfill their duties and foster the power of a cohesive family through our policies. During the year, we also held an outdoor training camp for families to provide employees with the chance to experience nature with their

children, enhancing parent-child communication.

We employed multiple channels to recognize the achievements of outstanding employees according to their performance. For instance, we invited family members from their hometowns to visit the Jinjiang headquarters, and offered free transportation, accommodation and meals, as well as leave for the employees to spend time with families.



OVERALL PERFORMANCE IN 2016

Walking Hand in Hand with Athletes



With steady socio-economic development in China, there has been a rise in the nation's quality of life and awareness of the importance of health and exercise, which has made sports an indispensable part of the country and the economy. In July 2016, General Administration of Sport of China announced the 13th Five-year Plan ('13th Five') for the sports industry, which proposed plans to increase the total scale of the sports industry and the percentage it takes up in China's GDP, in order to increase its contribution to the national economy. In addition, 2016 was a year for the Olympics. In this international occasion which captured the attention from the whole world, we continued to serve and support our national athletes, and walk hand-in-

hand with athletes around the world to pursue the sportsmanship goals of unity, friendship, progress, harmony, participation and dreams.

Breaking the Olympic Records with the Chinese National Team

As a partner of the COC and the CSD, ANTA collaborated with the COC since 2009 to provide winning outfits for the CSD in the Rio Olympics. The winning outfits worn by the Chinese athletes – the "Champion Dragon Outfits", are





featured by its functional and eco-friendly elements. In addition, ANTA provided competition gear for over 10 national teams of the four major sports management centers of Boxing and Taekwondo (Management) Center, Gymnastics (Management) Center, Weight-lifting, Wrestling and Judo (Management) Center, and the Water Sports (Management) Center, with multiple innovative breakthroughs in terms of fabric, cutting, biomechanics, technology, design and more.

Being United together to Support Chinese Athletes

During the Rio Olympics, ANTA continued our athlete-oriented “Craftsmanship Spirit” and launched the “Go Surprise Yourself” Olympics marketing campaign to encourage athletes to mark the Olympic Games by ceasing the monopoly of their opponents, breaking world records, and creating their own legends. Through its “Go Surprise Yourself” campaign, ANTA promoted the Olympic motto of “Faster,

Higher, Stronger” and developed innovative and cutting-edge sports gears, to inspire every participant with athletes’ experiences and stories to challenge themselves and actively pursue.

OVERALL PERFORMANCE IN 2016

Sprint with the General Public

Following the series of encouraging activities and feats held in 2005, ANTA and Chen Penbin continued their

cooperation to complete the brand-new 'Challenge 100' event, by which the new and improved 'Challenge 100' professional functional running shoes were introduced to running-lovers. During the year, ANTA continued to

support Chen Penbin to complete the 100km races in cities including Beijing, Shanghai, Xiamen, Shenzhen and Chongqing.





As a partner of the COC, the “Chinese Olympic Committee 30th Olympic Day 2016” (“Olympic Day Run”) kicked off with a city run to welcome the annual Olympic Day Run, which ANTA continued to sponsor for eight consecutive years. The Olympic Day Run kicked off simultaneously in 10 cities, including Beijing, Zhangjiakou, Chengde, Tianjin, Haiyang, Hefei, Fuzhou, Xiamen, Guangzhou and Xining. With nearly 80,000 running enthusiasts, Olympic champions and our employees leaped forward to convey the idea of “Run with Me” and encouraged the public to discover the value of running while communicating the happiness it brings.

Meanwhile, we recruited 20,000 runners to form a running group to complete the 100km relay at every stop. Chen Penbin and champions were invited to finish the final station of the ‘Challenge 100’ event in Rio de Janeiro, which provided the opportunity for amateur Chinese runners to run along with professional athletes.



OVERALL PERFORMANCE IN 2016

Walking Hand in Hand with Consumers

Valuing Customer's Opinion

As our goal is to become a respectable sportswear company, we place great importance in customers' experience and feelings. Aside from stringent monitoring on product quality, we also take initiatives to solicit their opinions, based on which we can formulate targeted developmental plans.

During the year, we continued to implement the effective 'Complaint Hotline 400' which allows customers to share their opinions in the most direct manner through speaking with customer service representatives. Our customer service colleagues file and organize customer complaints and feedback including product advertisement and

label, etc., according to the "Customer Service Charter", then forward the information to relevant distributors for investigation and confirmation to ensure that the complaint is appropriately handled. To ensure that our distributors handle relevant complaints accordingly, our customer service colleagues will get back to the customer to confirm that the manner of handling is satisfactory.

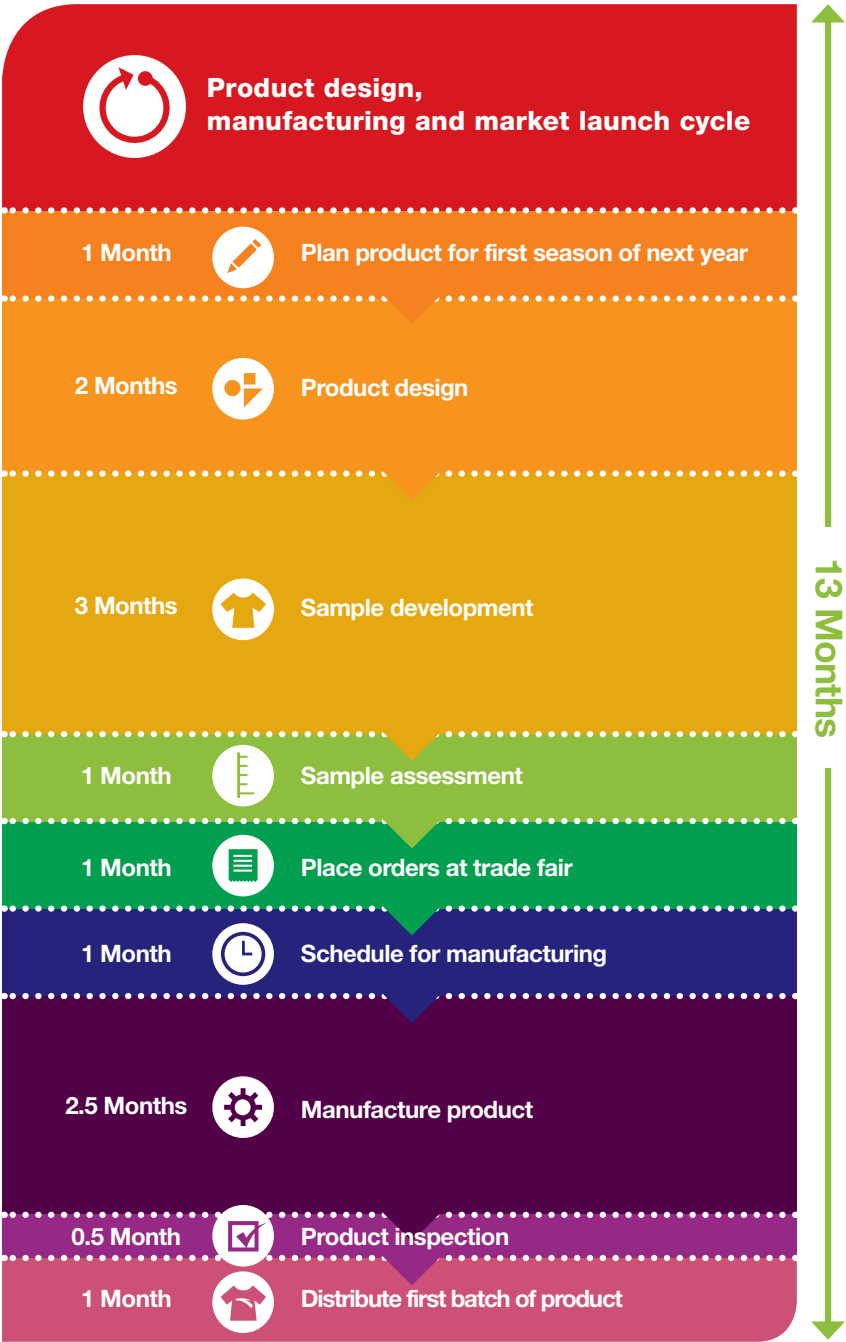
We value customers' opinions on our brands, and take all complaints seriously. If a lot of complaints are lodged on the same problem, it means that there are problems with the manufacturing process as a whole, and we need to conduct a full investigation for overall improvements. If necessary, we will implement the comprehensive recall policy. For the customer complaints in 2016, we collected 4,321 complaints

in total, of which footwear, apparel and accessories represented 50.7%, 48.1% and 1.2% respectively.

In order to keep improving, we conduct customer opinion surveys every year, and set up grading systems for customers to evaluate our overall performance. We believe that it is essential to make our customers feel that they are valued before a long-term, stable loyalty can be established for us to develop sustainably. During the year, we have commissioned market research company to conduct market opinion surveys for ANTA and FILA respectively, in order to investigate their brand awareness, brand healthiness and rooms for improvement. In the future, we will target consumers' opinions to introduce more products that are up to the satisfaction of customers.



Stringent Controls on Product Quality



OVERALL PERFORMANCE IN 2016

Preliminary assessment	During product design and development, the quality control centre conducts material and product assessment and certification to ensure health and safety
Material and product manufacturing	Factories are required to carry out testing according to internally formulated product testing schemes and standards
Product delivery	The operation department is responsible for the inspecting of products, while the quality control department is responsible for testing of the products to ensure they meet safety and health requirements
Later phases	The quality control department formulates a product chemical safety sampling scheme every season to conduct testing on chemical safety items

Before our products are launched in the market, they have undergone stringent testing and repeated checks to ensure that they will not negatively impact customers' health. The employees from quality control department abided by internal standards and operational documents to implement relevant product risk assessment and testing as well as controls with respect to consumer safety and health, which include sharp edges on product structure, broken needles and levels of toxic chemical etc. During the year, the R&D costs ratio was 5.1%.

Through multiple rounds of testing before the product leaving the factory, we strive to minimize the safety and health risks associated with our products, in order to ensure that only sports products of the best quality will reach the hands of our customers.

Any products discovered to have problems with materials or sewing will be recalled and processed according to

the strict "Product Recall Management System", to ensure that problematic products are handled properly and that the negative impact brought about by the sale of problematic products is greatly reduced. In cases where any products fail to abide by regulatory requirements, when problems are discovered during internal tests, or when the rate of defect reaches 5% or more, a notice to take the product off the shelves will be issued within one working day of recall confirmation. At the same time, distributors will be notified of a full recall, and employees are by no means allowed to handle the recall products themselves. The following is data of products recalled due to safety and health concerns:

	Recall ratio
2015	0
2016	Below 0.0001%

During the year, we held seminars on the quality of footwear and apparel

respectively. In terms of footwear, we held an "Exchange on Footwear Chemical Safety Management", and invited leather, mesh, sole and auxiliary material suppliers to attend and share their views. We also requested that our factories and suppliers to adhere to the "Footwear Chemical Safety Management Solutions", in order to offer employees and suppliers a guide on monitoring footwear chemicals, and ensure no harm in wearing and usage of footwear, apparel and accessories. In terms of apparel, through organizing 'Quality Reflection Meeting', suppliers and employees can deepen their understanding in reasons behind products being returned, in the hopes that product quality can be continuously enhanced and improved.

Value Customer Privacy

During the year, the Group has no cases of personal information leakage.

We attach great importance to the protection of customer privacy. Aside from abiding to national law and legal requirements, most of the Group's non-manufacturing units have been awarded the ISO27001 information security international certification. We have formulated a comprehensive corporate information safety management structure such as "26 Information Safety System", which includes third-party and contractor safety management regulations, legal compliance management regulations, system access regulations, etc. For instance, we only store consumer information in database such as the "Complaint Hotline 400' system".

The relevant information can only be accessed with employees with system clearance, which reduces the risk of information leakage.

In terms of safety management for systems, the person in charge of customer service department will also conduct long-term monitoring and management of the system to ensure smooth and regular daily operation. In the "Application System Development and Maintenance Safety Management Regulations" and "System Access Management Regulations" that we formulated for the information safety management system, there are clear requirements for safety and security. We also invited external consultancy firm to conduct review in order to further ensure smooth operation and high security of the system.

Development of Excellent New Products to Meet Demands

ANTA has launched the ANTA Intelligent Technology Scheme and cooperated with top-notch international technology company Foxconn to roll out the ANTA Running Time App and ANTA Intelligent Running Shoes available at a retail price of RMB369, with the goal of providing consumers with precise all-round monitoring of running posture so that customers can enjoy a better running experience.

The App connects with a chip in the ANTA Intelligent Running Shoes via Bluetooth. Besides basic functions including GPS positioning, distance recording, time, pace and energy consumption, the App also provides six analysis of monitoring running postures such as feet striking, stride analysis, pronation and supination, time diagrams, force analytics and height from the ground. These functions are able to reduce the runner's chance of getting hurt and improve performance. ANTA App works like a runner's professional trainer, aiming to help beginners adopt key running techniques and ensuring runners get their first step right, as well as further enhancing their experience.



OVERALL PERFORMANCE IN 2016

Walking Hand in Hand with Suppliers and Distributors



		2016
Number of Suppliers ¹ (Including raw material and production etc.)	China	516
	Overseas	14
Number of Distributors ¹	China	47

With a goal of being the nation's top sportswear company with the best reputation and largest market share in China, we rely on quality supply of raw materials and a stable distribution network to drive sustainability. We understand that a stable and good relationship with suppliers and distributors can substantially reduce operational risks, thereby speeding up our development.



1. For ANTA only

Supplier and Distributor Selection and Review Process

We have a comprehensive assessment system in place. Suppliers and distributors must pass the internal checking. Records of all suppliers and distributors will be kept. A review system is available for regular monitoring to ensure a long-term, quality partnership is maintained.

For the purpose of the Group's operation, the raw materials we procure include the materials for the vamp, sole, garment surface and accessories. We directly procure raw materials for in-house products from suppliers. For outsourced



products, OEMs purchase the raw materials directly from our designated major suppliers after the procurement orders are confirmed. The key selection criteria for suppliers include:

1. Focus on credibility, contract spirit (including the quality of raw material, delivery schedule, logistic capacity and management ability) and capital. Assessment on the performance in these areas will be conducted with grading
2. Apart from meeting the basic requirements set by the company in the aspects of product varieties, price and company scales, they have
3. Hold relevant production and quality system certifications in China, and obtain ISO international certifications
4. Meet the requirements stated in the background checks

to make sure that their R&D ability, manufacturing management ability, corporate social responsibility and quality management system are up to industry standards

OVERALL PERFORMANCE IN 2016

For distributors, ANTA wholesales its products to distributors at a price discounted from the suggested retail value, while distributors shall distribute ANTA and ANTA Kids products exclusively. The key selection criteria for distributors include:

1. Experience in retailing sportswear
2. Ability to achieve sales target
3. Sufficient working capital to operate ANTA authorized retail stores
4. Ability to look for shops with appropriate location and size
5. Payment and credit period



Maintaining High Standard

Upon the establishment of a relationship, it is our responsibility to ensure the suppliers and distributors understand our requirements. We also need to provide them with sufficient resources so that they can develop and walk forward with us.

To regulate the suppliers, we formulate a clear set of "Certification on Quality Control Management Methods", which stipulates the training contents and operation standards of suppliers. Part of the existing major apparel suppliers passed

the certification. Management personnel conduct inspection of the factories of suppliers to check the goods and the production procedures on a regular basis, ensuring they meet the standards. As there are a large number of suppliers, to enhance management efficiency, a supplier can be exempted from the inspection and is allowed to examine the goods and production procedures by itself if it can maintain stable quality for consecutive years. There are around 30% of the apparel suppliers and 50% of the shoes suppliers having the exemption.



We set up different operational terms for distributors on areas including the sales and expansion targets, sales reports and forecasts, payment and credit period. Comprehensive sets of “Standard Operation Process” and “Marketing Activity Management Methods” have been formulated. Distributors have to follow specific retail policy and standards on product pricing, inventory management, store display, marketing, customer service and after-sales service. If a distributor fails to meet the standards, it needs to

undergo training and reform, and conduct assessments until getting a pass. After examination, the distributors will receive a certificate. If several times of failure occur, we will cease the cooperation with the distributor. Besides, a random check is conducted quarterly. After selecting two cities, each from the Southern and Northern China, we will carry out a random check, either with or without notice, on the retail stores. Follow-up reports will be compiled for management's reference.

OVERALL PERFORMANCE IN 2016

Fostering Development of Suppliers and Distributors

We deeply believe that suppliers and distributors must develop in the same direction with the Group, the failure of which will affect the normal operation of the Group, or even bring about operational risks. Therefore, apart from the strict selection process of partners, we also provide assistance to enhance their ways of governance, production and operation.

In order to encourage suppliers to have continuous improvement, a system of performance bonus has been established. Based on the different characteristics of suppliers, we integrate their performance and result to generate scores for ranking. To encourage suppliers to enhance their results performance so as to obtain international accreditations in long run, those with high rank will have an opportunity to increase orders and receive additional resources and allowance. Besides, we communicate with suppliers in different

forms from time to time, such as the apparel (knitwear) suppliers meeting to honour the suppliers with excellent performance and the two-day training camp for over 100 shoes suppliers. The annual meetings on shoes supply chains and clothing tatting supply chains were also held to conclude the contribution of suppliers and share the planning and industry trend of the coming year, encouraging them to produce more innovative products.





For distributors, we mainly offer trainings and operational guidance. Different trainings and assessments will be provided to the distributors' employees according to their different positions and ranks. Appraisals and reports on their actual performance will also be provided. In order to facilitate that the distributors' employees can be trained at any time, and ensure that we can easily check the completion rate of the trainings, An App on trainings is available for the frontline employees. The same policies,

codes and requirements are applied for all stores with no difference to ensure that customers can enjoy exceptional shopping experience no matter which store they visit. An election of "Champion Store Manager" Competition has also been held to honour those who achieved outstanding performance. This year, there were over 80 shop managers being awarded. Looking forward, we will continue to strive together with the distributors to bring better experience to the customers.



OVERALL PERFORMANCE IN 2016

Walking Hand in Hand with Society



Contributing to Industry Standards

In recent years, China has been committed to promoting nationwide sport and fitness. Based on the “National Fitness Programme (2016-2020)” issued by The General Administration of Sport of China, China has been vigorously supporting the development of nationwide sports activities as well

as the youth public sports services. Preparation for sports activities and competition have been made which includes the talent training, improvement in training quality, comprehensive athletic system, etc. To echo with the national policy and boost the sports cultural development, we proactively participated in industry meetings, aiming to enhance the overall quality of sports products. Among them, the standard

stipulation of the “Assessment Methods on the Anti-bacteria Functions of Shoes and Shoes Materials” in which we involved was awarded the first prize of “Provincial Standard Contribution Award” for evaluating antibacterial capability of footwear and materials from Fujian Bureau of Quality and Technical Supervision, representing its recognition of our contribution to industry standards.

Improving Internal Administrative Structure and System

In the past year, the Group established an Apparel Merchandizing Centre to reorganize the structures of its apparel operation centres, further defining the responsibilities and management scopes of various departments, with the aim of enhancing the overall operational efficiency and resource integration.

For the logistics, while the business in the past was more focused on wholesale, the requirement to the logistic system has changed due to the expansion of the retail business. Therefore, we have upgraded the WMS. Warehousing plays a pivotal role in the entire supply chain of an enterprise. If we are unable to ensure the procurement, inventory control and delivery are properly arranged, it will not only increase the management expenses, but also risks of out of inventory or stock, which will affect the enterprise's competitiveness. Since the traditional, simple and static storage management method can no longer ensure the efficient use of resources, implementing the new WMS can facilitate the business change of internal departments, hence raising the overall management effectiveness.

Enhancing the Overall Level of Corporate Governance

Well-developed corporate governance standards are beneficial to enhancing corporate performance, transparency and accountability, boosting the confidence of shareholders and the public. We strive to adhere to the principles of corporate governance and to adopt sound corporate governance



practices to meet the legal and commercial standards and to focus on areas such as internal control and fair disclosure. Apart from the Audit Committee, the Remuneration Committee and the Nomination Committee, the Risk Management Committee has been established earlier. This committee is responsible for assisting the Board to evaluate and determine the nature and extent of the risks that we are willing to take for achieving our strategic objectives, ensuring us to establish and maintain appropriate and effective risk management and internal control systems, and overseeing management in the design, implementation and monitoring the risk management and internal control systems. Furthermore, an information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules.

For anti-corruption, we firstly stepped up the control effort in operations. Secondly, we set up rules and regulations such as the "Integrity Responsibility Agreement". In terms of execution, we held activities

including employees training programs and court hearings regularly; we also made use of columns in our internal publication "ANTA Youth" to help employees to learn about common law. We not only clearly set out the reporting policies, but also establish a reporting reward system, aiming to encourage employees to report to the Chairman of the Board or Chairman of Audit Committee on suspicious cases related to corruption.

Promoting Sports Culture in Society

According to the National Fitness Programme (2016-2020), China will focus more on increasing the public awareness of sport and the fitness level of the citizens, setting the goal to strengthen the health of the entire population. As a company which is willing to share revenue with the community, we carefully allocate operational income for different social activities, ensuring that certain sports-related social projects are launched every year to promote sports development in the society.

OVERALL PERFORMANCE IN 2016

• Sponsoring Olympic Day Run for Eight Consecutive Years

ANTA has sponsored the Olympic Day Run for eight consecutive years. This time, the event was held simultaneously in several cities including Beijing, Xiamen, Guangzhou etc., aiming to encourage the public to participate in running and fitness sport. Besides, FILA also sponsored the Olympic Day Run held in Hong Kong to promote supports from the public of China and Hong Kong toward the Olympics and the athletes.

• Promoting “Sport-All for All” Events

Upon the shining performance of Olympic champions in the game, the Olympic athletes have joined us for charity to promote the athletic spirit with real actions. Starting from 2013, we have organized a few of “Sport-All for All” events. During the year, we donated sportswear of RMB36 million and maximize the value of sport charity programs. We held events including:

Time	Event	Participating Athletes	Donation
January	“ANTA ‘Sport-All for All’ cum ‘Charity Hour, Athletes At Service’ Charity Program” held in Harbin, Heilongjiang Province	Athletes including ZhangHui, Winter Olympic short track speed skating champion, Liu Qiuhong, world short track speed skating champion, Cheng Shuang, world aerial skiing champion, Li Na, London Olympics fencing champion, etc.	Donated sportswear worth RMB1 million to Sports Bureau of Heilongjiang Province
June	“Olympic Athletes Charity in Action cum ANTA ‘Sports-All for All’ Charity Program” held in Foshan, Guangdong Province	Athletes including Luo Xiaojuan, Olympics fencing champion, Zhou Luxin, world diving champion, Liu Qiuhong, Liang Wenhao, world short track speed skating champions, etc.	Donated sportswear worth RMB1 million to teenagers in Foshan
October	“Olympic Athletes Charity in Action cum ANTA ‘Sports-All for All’ Charity Program” held in Ganzhou, Jiangxi Province	Athletes including Song Nina, Olympics volleyball champion, Xue Ming, world volleyball champion, Li Ke, former CBA star and present CCTV basketball commentator etc.	Donated sportswear of RMB1 million to Chongyi County Government
	“Inheriting the Spirit of the Chinese Women’s Volleyball cum ANTA ‘Sports-All for All’ Charity” Program in Sichuan, Chongqing Province	Women’s volleyball players in the 1980s including Cao Huiying, Shen Sanying, Liang Yan, Li Yanjun, etc.	Donated sportswear of RMB1 million to Nanchuan County Government

- **“PLAY IS ALL” Soccer Campaign**

Since the launch of ANTA's “PLAY IS ALL” Soccer Campaign, our youth soccer matches have been started in full swing in China to support the long-term development of youth soccer. During the year, we kicked off the “ANTA Cup” for the secondary and primary schools of Kunming, Yunnan Province. The event attracted more than 2,000 teenagers from nearly 100 primary and junior high schools to join, involving a total of 97 teams. The event lasted for two months with a total of more than 200 matches.

We believe soccer is not only just a popular sport in the world, but also a tool for educating young people. Through soccer training and the “ANTA Cup” matches, not only can the physical fitness and flexibility of the players be trained, but their emotion management and communication skills can also be enhanced. To emphasize the strategy of “start soccer training with toddlers”, we integrate campus sport into daily learning and life, and make great effort in promoting the campus soccer. The long-term development of soccer relies on the increasing support of professional echelons, and campus soccer is an important foundation for this echelon. Driving campus soccer is beneficial for the long-term development of soccer in China which is also one of our soccer strategies.

- **“Basketball for Hope”**

In September 2016, ANTA hosted the “Basketball for Hope ANTA • Chinese Basketball Association Charity Basketball in Guyang” with Chinese Basketball Association and the government of Baotou, Inner Mongolian at Guyang, Baotou. Zhou Luxin, world diving champion, Li Yulin, a former centre of the national basketball team, Li Ke and Liu Ziqiu, CBA stars, Ren Lei, an important player of the national women's basketball team and a WCBA star etc., attended to share their skills. On the event day, ANTA donated basketball gear of RMB2 million. The event can let the children feel the joy of playing basketball and contribute to the basketball development in the north-western region.

- **NBA Campus Training Camp**

In addition, we organized several campus activities, including NBA Campus Training Camp, providing professional basketball knowledge for the university students in China as well as increasing the basketball level in schools. Besides showcasing ANTA's professional basketball gear, we also provided guidance for the participants. The participants were able to experience the charisma of the basketball stars while enjoying the charm of the top basketball.

- **The 7th Community Sports Cultural Festival**

Beyond campus, we also disseminate information on sports and fitness in the community. With the theme of “Inheriting the Olympic Spirit, Sharing the Joy of Sport”, the 7th Community Sports Cultural Festival was held in Beijing in May, bringing the public an interesting and educational sports event. With the purposes of fostering the creativity, participation and enjoyment of the public, the festival encouraged the citizens and workers to actively join sport, driving the development of national fitness. We also invited Li Na, Sydney Olympics diving champion, to donate her signed “Champion Dragon Outfit” to the local community office. A total of 350 families with 1,200 people joined this festival.

PROSPECTS

To achieve the goal of reducing sulphur dioxide and nitrogen oxide emissions by around 3%, we step forward in environmental, social and governance aspects with the aim of improving the environment and society through multi-pronged contributions. More importantly, we will continue to overcome the fast-changing business environment with dedication to innovation and lay solid foundation for sustainable growth and development.

According to the array of documents released by the Chinese government during the year, we expect that the sports industry in China will thrive and the sports culture in society will be further promoted. The “Blueprint of Healthy China 2030” states that:

Solid goals



Continuous improvement in the health level of the people



Effective control of major health risk factors



Significant increase in the health service capacity




Significant expansion in the scale of the health industry




Improvement in institutional system for health promotion


Primary indicators




For students




Duration of daily on-campus workout for students should remain at least **1 hour**




Frequency of medium-intensity workout for students should remain **3 times a week**




Attainment rate of fitness and wellness for students should remain **over 25%**




For the general public and the community




530 million regular participants in sports



At least **2.3 m²** sports ground per capita



Fitness equipment available **within 15-minute walk** in the community



92.2% pass rate for National Physical Measurement Standards¹ for city and countryside residents

1. National Physical Measurement Standards Manual (Adult):<http://www.sport.gov.cn/n16/n41308/n41323/n41345/n41426/n42527/n42587/171344.html>



For the community, the government will further optimize the nationwide public fitness service systems through promoting popular sports activities and organizing physical activities of different characteristics in different locations for different participants. In addition, the Chinese government announced an array of planning reports during the year, which include the “National Fitness Program (2016-2020)”, the “Medium and Long-Term Plan of Chinese Soccer

Development (2016-2050)”, the “Winter Sports Development Plan (2016-2025)”, the “Winter Sports Mass Promotion Plan (2016-2020)”, and the “Plan for Mountain Outdoor Sports Industry Development”. These indicated that China would invest more resources in promoting nationwide fitness, soccer and outdoor activities, so as to provide the general public with more options and improve the perspective of sports in China.

Encouraged by the 13th Five of public participation in sports, we have worked to promote nationwide sport and fitness so as to enhance the industry standard and develop sports habits for life.

PROSPECTS

Meanwhile, we devised short-term to medium-term and to long-term sustainable objectives to boost overall development for the Group with a clear framework for environmental, social and governance aspects. During the year, we made progress in different aspects as follows:

In Terms of Environmental Protection

	Short to medium-term objectives set in 2015	Progress in 2016	Medium to long-term plans
Data collection and facilities upgrade	<ol style="list-style-type: none"> 1. Enhance the data collection system, especially data for refrigerant, purchased heating and electricity 2. Enhance the data collection system for our factories 	<ol style="list-style-type: none"> 1. Engaged a consultancy firm to evaluate information and data collection systems in order to enhance the accuracy of record 2. Increased the use rate of natural gas 	<ol style="list-style-type: none"> 1. Continually optimize information and data collection system based on the suggestions given by the consultancy firm 2. Quantify our carbon emission reduction measures, such as upgrading the lighting system and energy-saving light bulbs, setting the standards and timeline for replacing light bulbs
Information management system	<ol style="list-style-type: none"> 3. Comprehensive implementation of ISO14001 Environmental Management System for all in-house factories 	<ol style="list-style-type: none"> 3. Almost 100% of our major operating units in China implemented the ISO14001 Environmental Management System 	<ol style="list-style-type: none"> 3. Engage our suppliers in the implementation of ISO14001 Environmental Management System
Enhance our transparency and recognition	<ol style="list-style-type: none"> 4. Release the carbon emissions data regularly on public platforms 	<ol style="list-style-type: none"> 4. Published report annually and made both Chinese and English versions available to the public by uploading to the HKEX and the Group's websites 5. Awarded the "CarbonCare® ESG Label" from "Carbon Innovation Lab" in recognition of the data collection and public disclosure of our 2015 Environmental, Social, Governance Report 	<ol style="list-style-type: none"> 4. Explore alternative ways to disclose in addition to this Report 5. Strive to gain interest and rating from more international sustainability institutes and indices

	Short to medium-term objectives set in 2015	Progress in 2016	Medium to long-term plans
Product design	5. Optimize package design and reduce paper consumption	6. Improved the way boxes are labeled, thereby cutting down the labels needed on each box from two to one. Also, we adjusted the shoebox sizes and produced more precisely-sized shoeboxes to reduce paper wastage	6. Continue to review the packaging of different products and to explore the possibility of minimizing the amount of materials needed through innovation 7. Entered into an agreement in 2017 with The Chemours Company, a renowned global chemical company, to utilize the Teflon EcoElite™ renewably-sourced water repellent exclusively in our products. ANTA will roll out its apparel line “The Rain-Breaker”, which is made with Teflon EcoElite™ non-fluorinated (PFC-free) water repellent, becoming the first Chinese brand to launch sportswear product of non-fluorinated water repellent
Materials recycling and waste management	6. List out the waste contents in details to facilitate the recycle process and increase recycled raw material usage	7. Reviewed and further improved the internal waste recycling and handling workflow and systems	8. Implement the internal waste recycling and handling workflow and systems 9. Further educate employees about waste handling and recycling and raise the awareness at all levels
Carbon emissions data management	7. Establish a clear internal guidance for data collection and require each department to report the details monthly or quarterly	8. Re-designed the internal data collection forms to outline the relevant data of factories and departments in a more detailed manner	10. Monitor and review the performance and efficiency of the re-designed data collection forms for further optimization 11. Enhance the transparency of GHG data and the verification standard of carbon footprints

PROSPECTS

In Terms of Society and Governance

	Short to medium-term objectives set in 2015	Progress in 2016	Medium to long-term plans
Communications with stakeholders	1. Collect comprehensive feedback from our customers by conducting regular and wider scope of independent and representative surveys	1. Conducted customer surveys to collect feedback on brands in a more comprehensive approach 2. Invited consultancy firm and stakeholders in meetings and conference call to assess the matters in social, environmental and governance aspects, and in areas that receive stakeholders' attention in order to determine materiality and the highlights of the report	1. Continue to interact with stakeholders, and invite more external stakeholders for more comprehensive and representative reviews
	2. Launch an internal task force specializing in issues of sustainable development	3. Formed a work group led by our senior management for discussion on the report content and relevant sustainability issues and reported to the Board of Directors	2. Further specify the responsibilities of the work group and in the long run, plan to set up a dedicated department to engage in strategic planning
Systemic and comprehensive data collection	3. Optimize detailed product production information system and share our quarterly product inventory records, sell-in and sell-through data with our suppliers 4. Enhance the coordination with our suppliers to set the production volume most suitable for the market so that we may achieve the goal of reducing unnecessary semi-finished goods and off-seasons products to reduce waste from origin	4. Continually review our data collection system	3. Evaluate the possibility of the continual upgrade of data collection system to support the sustainable development of business

	Short to medium-term objectives set in 2015	Progress in 2016	Medium to long-term plans
Labor and human rights	5. Disclose the training categories we offer to employees in detail	5. Revealed the policies related to employee training in this report	<p>4. Continue to step up employee communications and establish diversified channels for collecting opinions</p> <p>5. Nurture corporate culture and hold various activities to meet needs of employees from different backgrounds</p>
Supply chain management	6. Provide a variety of training courses for our suppliers and distributors to raise their awareness on environmental, social and corporate governance	<p>6. In order to encourage the suppliers to have continuous improvement, a system of performance bonus has been established. Based on the natures of suppliers, we integrate their performance and result to generate scores for ranking. To encourage suppliers to enhance their results performance so as to obtain international accreditations in long run, those with high rank will have an opportunity to increase orders and receive additional resources and allowance</p> <p>7. For distributors, we mainly provide training and business operational guidance. We provide the employees from distributors with training and assessment according to positions and ranks</p> <p>8. Offer training on environmental, social and governance initiatives to suppliers and distributors to raise their awareness</p>	<p>6. Encourage suppliers and distributors to share the same sustainability values with us and made it one of the criteria for partnership, and to inspect their compliance with conditions</p> <p>7. To undergo in-depth reform, we are constructing a new logistics center which not only facilitates the replenishment order system of our brands, but also enhances the speed of delivery and cost-efficiency</p>

OVERVIEW OF SUSTAINABLE DEVELOPMENT

A. Environment

We strictly comply with the “Environmental Protection Law of the People's Republic of China” and strive to safeguard and improve the nature environment against any pollutions and impacts, in order to protect public health for promoting ecological civilization and economic and social sustainability. To ensure proper implementation of the relevant laws in all departments and production lines within the Group, our internal control department will conduct audits and soon rectify, if any, the non-compliance .

		KPI
Aspect A1: Emission		
<p>The types of emissions and respective emissions data</p> <p>GHG emissions in total</p>	<p>- Total GHG emission: 65,613 tonnes CO₂e Scope 1 (solid, liquid and gaseous fossil fuel combustion) = 12,327 tonnes CO₂e Scope 2 (purchased electricity) = 53,286 tonnes</p> <p>- GHG emissions intensity = 4.92 tonnes CO₂e/RMB million</p>	<p>A1.1</p> <p>A1.2</p>
Total hazardous and non-hazardous waste produced	We are optimizing the calculation process for the consumption of packaging materials and paper products. The relevant data would be disclosed upon the comprehensive implementation of the relevant procedures	<p>A1.3</p> <p>A1.4</p>
Measures to mitigate emissions and results achieved	We utilized natural gas more for production to reduce GHG emissions. During the year, carbon intensity dropped by 11.1% and GHG emissions of scope 1 decreased by 16.7% compared to last year	A1.5
Measures to handle or reduce hazardous and non-hazardous wastes and results achieved	<p>For hazardous waste, we adopted location-based handling approaches, including partnering with qualified local professional recyclers to handle the wastes to ensure strict compliance with relevant laws and rules</p> <p>For non-hazardous wastes, we recycled the general wastes through recyclers, yet the information and records were not complete. In the meantime, we are eager to incorporate environmentally-friendly materials (i.e water-based adhesive and Sorona® fiber) and innovative technology (i.e 3D printing technology) into our products in order to minimize the material wastage and waste generation</p> <p>As the information is of no significance to our business according to the materiality assessment, the relevant data would be disclosed upon the implementation of the relevant data collection systems</p>	A1.6

Aspect A2: Uses of Resources

Direct and indirect energy consumption by type (e.g. electricity, gas or oil)	<ul style="list-style-type: none"> - Total electricity consumption = 77,203,768 kWh - Total gasoline consumption = 109 tonnes - Total diesel consumption = 28 tonnes - Total coal consumption = 439 tonnes - Total natural gas consumption = 5,086,790 m³ 	A2.1
Total water consumption (m ³)	Total water consumption: 1,731,363 m ³	A2.2
Energy efficiency initiatives and results achieved Water efficiency initiatives and results achieved	<ul style="list-style-type: none"> - Implement “3R: Reduce, Reuse and Recycle” scheme - Increase the coverage of natural gas, for instance, we fully utilize natural gas in Quanzhou Materials (PRC) <p>Xiamen ANTA Industrial (China), which manufactures apparel products, had its new plant built in 2015, which induced the increase in the usage of water. The new plant has been put into production during the year and those small scale local factories were deactivated to improve the overall efficiency</p>	A2.3 A2.4
Total packaging material used for finished goods	<p>As the information is of no significance to our business according to the materiality assessment, the relevant data would be disclosed upon the implementation of the relevant data collection systems</p> <p>In particular, we improved product labeling by reducing the number of labels from two to one on each paper box, resulting in reducing labeling cost of RMB2 million. Besides, we produced shoe boxes of different sizes according to shoe volume so as to avoid paper waste</p>	A2.5

Aspect A3: The Environment and Natural Resources

Significant impacts of corporate activities on the environment and natural resources and actions taken to manage them	<p>We principally engage in design, development, manufacturing and marketing. Aside from GHG emissions, waste treatment and disposal, we have no significant impact on environment and natural resources</p> <p>We adopted a number of initiatives and strategies as mentioned to alleviate environmental impact</p>	A3.1
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OVERVIEW OF SUSTAINABLE DEVELOPMENT

B. Social

Employment and Labor Practices

		KPI															
Aspect B1: Employment																	
Total workforce by gender, employment type and age group	<p>Total number of employees = 17,800</p> <ul style="list-style-type: none"> - Categorized by employment type and gender: Office and retail staff = 18.6% Male; 31.3% Female Factory worker = 23.3% Male; 26.8% Female - Categorized by age group Age 16 to 24 = 20.0% Age 25 to 40 = 64.1% Age 41 to 59 = 15.8% 60 or above = 0.1% 	B1.1															
Employee turnover rate by gender, age group and geographical region	<p>Overall employee turnover rate = 2.4%</p> <ul style="list-style-type: none"> - Categorized by employment type and gender: Office and retail staff = 2.7% Male; 2.7% Female Factory worker = 2.4% Male; 1.8% Female - Categorized by age group and employment type <table> <tr> <td></td><td>Office and retail staff</td><td>Factory worker</td></tr> <tr> <td>Age 16-24</td><td>1.2%</td><td>4.7%</td></tr> <tr> <td>Age 25-40</td><td>0.8%</td><td>2.5%</td></tr> <tr> <td>Age 41-59</td><td>4.8%</td><td>0.9%</td></tr> <tr> <td>60 or above</td><td>0%</td><td>2.1%</td></tr> </table>		Office and retail staff	Factory worker	Age 16-24	1.2%	4.7%	Age 25-40	0.8%	2.5%	Age 41-59	4.8%	0.9%	60 or above	0%	2.1%	B1.2
	Office and retail staff	Factory worker															
Age 16-24	1.2%	4.7%															
Age 25-40	0.8%	2.5%															
Age 41-59	4.8%	0.9%															
60 or above	0%	2.1%															
Aspect B2: Health and Safety																	
Number and rate of work-related fatalities	<ul style="list-style-type: none"> - Number of work-related injuries: Office and retail staff = 14 Factory worker = 21 - Rate of work-related injuries: Office and retail staff = 0.2% Factory worker = 0.1% - Number of work-related fatalities: 0 - Rate of work-related fatalities: 0% 	B2.1															

		KPI
Lost days due to work injury	<ul style="list-style-type: none"> - Office and retail staff= 149 days - Factory worker= 239 days 	B2.2
Occupational health and safety measures adopted, implementation and monitoring	<p>We formulated the “Occupational Health Handbook” and “Safety Handbook” based on relevant local laws to offer safety education and fire safety training; tailored health checks for employees working at certain positions; conducted tests of air quality, sewage disposal and noise level at factories; ensured effective implementation of the “Safety Production Standardization” system; employed a two-shift roster and hired temporary workers during peak seasons to alleviate the workload of frontline employees</p> <p>To enhance the governance of the Group and promote harmonious mutual development with employees, the Group’s strategic management department conducted employee satisfaction survey during the year to collect their opinions toward</p>	B2.3

Aspect B3: Development and Training

The percentage of employees trained categorized by gender and employee category	<ul style="list-style-type: none"> - By gender and employment type Office and retail staff = 52.1% Male; 52.2% Female Factory worker = 26.7% Male; 28.7% Female - By gender and employment type: <table> <tr> <th></th><th>Male</th><th>Female</th></tr> <tr> <td>Senior management</td><td>23.5%</td><td>19.9%</td></tr> <tr> <td>Middle management</td><td>48.2%</td><td>50.7%</td></tr> <tr> <td>Junior management</td><td>52.0%</td><td>59.0%</td></tr> <tr> <td>Professionals and other management</td><td>51.7%</td><td>54.6%</td></tr> <tr> <td>Factory worker</td><td>20.3%</td><td>24.9%</td></tr> </table> 		Male	Female	Senior management	23.5%	19.9%	Middle management	48.2%	50.7%	Junior management	52.0%	59.0%	Professionals and other management	51.7%	54.6%	Factory worker	20.3%	24.9%	B3.1
	Male	Female																		
Senior management	23.5%	19.9%																		
Middle management	48.2%	50.7%																		
Junior management	52.0%	59.0%																		
Professionals and other management	51.7%	54.6%																		
Factory worker	20.3%	24.9%																		

OVERVIEW OF SUSTAINABLE DEVELOPMENT

			KPI
The average training hours completed per employee by gender and employee category	- By gender and employment type (hour):		B3.2
		Male	
		Female	
	Senior management	30.3	
	Middle management	59.1	
	Junior management	51.5	
	Professionals and other management	59.0	60.3
	Factory worker	15.1	15.2

Aspect B4: Labor Standards

Employment practices	<p>We have formulated the “Child Labor Prohibition Policies and Remedial Procedures” to ensure zero child labor or forced labor in our business. We have signed labor contracts with employees to clearly designate the treatment for violations and responsibilities</p> <p>During the year, we did not employ any employees under the age of 16</p>	B4.1
Rectification measures to be taken in case of non-compliance	<p>When child labor is suspected, we will take corrective action immediately by reporting and verifying the case with labor department while sending the involved to hospital for check-up. Once it is confirmed, we will pay full salary, notify his/her family, and hand over to the guardian. Meanwhile, his/her information such as age certificate documentation is kept properly for record</p>	B4.2

Aspect B5: Supply Chain Management

Number of suppliers by geographical region	<p>China suppliers = 516</p> <p>Overseas suppliers = 14</p>	B5.1
Practices relating to engaging suppliers, number of suppliers where the practices are being implemented and the implementation and monitoring	<p>We have implemented a comprehensive assessment system to conduct internal assessment for suppliers based on primary criteria including: credibility, contract spirit, capital, certifications for production and quality systems, and conformity to requirements stated in the background survey</p> <p>We formulated “Certification on Quality Control Management Methods” and regulate the standards for training and operations</p>	B5.2

Aspect B6: Product Responsibility

Percentage of total products sold or shipped subject to recalls for safety and health reasons	Overall recall rate of the Group: less than 0.0001%	B6.1
Number of products and services related complaints received and the handling methods	<p>Through “Complaint Hotline 400’ system”, we have received 4,321 customer complaints, including 50.7% of footwear-related, 48.1% of apparel-related, and 1.2% of accessories-related cases</p> <p>We file and organize customer complaints and feedback including product advertisement and label etc. according to the “ANTA Customer Service Charter”, then forward the information to relevant distributors for investigation and verification to ensure that the complaint is appropriately handled. We also conduct customer surveys regularly</p>	B6.2
Practices relating to maintaining and protecting intellectual property rights	<p>With more than 10-year experiences of anti-counterfeiting activities regarding ANTA, we eliminated most of the production sources of counterfeit products. During the year, there were a total of 12 counterfeited cases related to production, with the same characteristics of hidden factory location and small scale. On the other hand, we also devoted more resources to anti-counterfeiting activities regarding FILA. During the year, there were a total of 18 counterfeited cases, which 7 of them involved criminal case of trademark counterfeiting</p> <p>With the gradual growth of e-commerce market share of the Group, we partnered with Alibaba, an e-commerce platform operators for communicating and combating online counterfeiting together. During the year, we removed 33 thousand hyperlinks that contained intellectual property infringing contents and shut down 800 stores. Moreover, we collaborated with Alibaba and law enforcers to curb online counterfeiting at source by analyzing the big data. More importantly, our fight against online counterfeiting was listed as one of the ten national intellectual property protection cases by Alibaba for 2016, in recognition of our online brand protection measures and effectiveness</p>	B6.3
Quality assurance process and recall procedures	<p>For quality assurance, we abide by regulations, standards and guidelines to conduct product testing at the stage of preliminary development, manufacturing, testing and sample-checking, in order to ensure compliance of standards with respect to health and safety, which include sharp edges on product structure, broken needles and levels of toxic chemical, etc.</p> <p>For product recall procedures, we formulated and implemented the strict “Product Recall Management System”</p>	B6.4

OVERVIEW OF SUSTAINABLE DEVELOPMENT

		KPI
Consumer data protection and privacy policies, the implementation and monitoring	<p>The Group has obtained the ISO27001 Information Security Management Certification for most of the non-manufacturing units and formulated a comprehensive corporate information safety management system, such as “26 Information Safety System”, which includes safety management regulations of third-party and contractor, legal compliance management regulations, internet access regulations, etc.</p> <p>In terms of safety management for systems, we have developed our internal “Application System Development and Maintenance Safety Management Regulations” and “System Access Management Regulations” for clear requirements for safety and security</p>	B6.5
Aspect B7: Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year and the outcomes of the cases	During the year, we were not aware of any relevant cases of corruption	B7.1
Preventive measures and whistle blowing procedures, the implementation and monitoring	<p>For anti-corruption, we first stepped up the control effort in operations. Secondly, we set up rules and regulations such as the “Integrity Responsibility Agreement”. In terms of execution, we held activities including employees training programs and court hearings regularly; we also made use of columns in our internal publication “ANTA Youth” to help employees to learn about common law</p> <p>We strive fully adhered to the principles of corporate governance, which not only clearly set out the reporting policies, but also establish a reporting reward system, aiming to encourage employees to report to the Chairman of the Board or Chairman of Audit Committee on suspicious cases related to corruption</p>	B7.2

		KPI
Aspect B8: Community Investment		
Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	We promote nationwide sport and fitness to echo with the national policy and encourage the youth to enjoy sports by providing high-quality sportswear. To promote the standard of the industry, we attended industry meetings for stipulating product standards including the “Assessment Methods on the Anti-bacteria Functions of Shoes and Shoes Materials”	B8.1
Resources contributed	We have sponsored the Olympic Day Run for eight consecutive years; During the year, we organized “Sport-All for All” event and donated accumulated sportswear of around RMB36 million; We kicked off the “ANTA Cup Soccer Games” with more than 200 matches for primary and junior high schools in Kunming, Yunnan Province; We held the “Basketball for Hope ANTA • Chinese Basketball Association Charity Basketball in Guyang” in Guyang, Baotou and donated RMB2 million worth of basketball gear; We launched several NBA Campus Training Camp activities	B8.2

GLOSSARY

ANTA

ANTA Brands

ANTA CHANGTING (PRC)

Changting ANTA Sports Products Co., Ltd.

ANTA CHINA (PRC)

ANTA (China) Co., Ltd.

ANTA KIDS

ANTA KIDS Brand

ANTA SPORTS/COMPANY/GROUP/WE/OUR/US

ANTA Sports Products Limited

ANTA STORE(S)

ANTA authorized retail store(s)

ANTA XIAMEN (PRC)

Xiamen ANTA Sports Goods Co., Ltd

ATHLETIC (PRC)

Quanzhou Athletic Shoes & Garments Co., Limited

BOARD

Board of Director

CARBON CARE ASIA/CCA

Carbon Care Asia Limited, a profession consultancy firm

CBA

Chinese Basketball Association

CHINA/PRC

People's Republic of China

CO₂e

Carbon dioxide equivalent

COC

The Chinese Olympic Committee

CONSULTANCY FIRM

Independent, third-party, professional consultancy firm

CSD

The Chinese Sports Delegation

DESCENTE

DESCENTE brand

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE/ THE GUIDE

Environmental, Social and Governance Reporting Guidelines issued by the Hong Kong Exchanges and Clearing Limited

FILA

FILA Brand

FILA KIDS

FILA KIDS Brand

FILA STORE(S)

FILA retail store(s)

HENAN MATERIAL(PRC)

Henan ANTA Material Supply Limited

HKEX

The Stock Exchange of Hong Kong Limited

HONG KONG

The Hong Kong Special Administrative Region

LISTING RULES

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

MACAO

The Macao Special Administrative Region of the PRC

MSCI

MSCI Standard Indexes

NBA

National Basketball Association

OEM

Original equipment manufacturer

QUANZHOU MATERIALS(PRC)

Quanzhou ANTA Material Supply Limited

R&D

Research and development

REPORT

Environmental, Social, Governance Report

RMB

Renminbi, the lawful currency of the PRC

SHAREHOLDERS

Shareholders of the Company

WMS

Warehouse management system

WCBA

Women's Chinese Basketball Association

XIAMEN ANTA INDUSTRIAL (PRC)

Xiamen ANTA Industrial Limited

YEAR

The year ended 31 December 2016



www.ir.anta.com

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