



ANTA Sports Products Limited

安踏體育用品有限公司

Risk Management Committee Terms of Reference

Effective date of these terms of reference:

Revised by the Board on 30 December 2022 and effective on 30 December 2022.

1. Constitution and functions

- 1.1 The Board constitutes and establishes the Committee with authority, responsibility and specific duties as described below.
- 1.2 The Committee shall assist the Board:
 - (1) To evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives;
 - (2) To ensure the Group establishes and maintains appropriate and effective risk management and internal control systems; and
 - (3) To oversee management in the design, implementation and monitoring of the risk management and internal control systems.

2. Composition and membership

- 2.1 The member of the Committee shall be appointed and their terms of appointment shall be determined by the Board. The Committee shall consist of at least three (3) members and a majority of independent non-executive directors.
- 2.2 The Board shall appoint the Committee Chairman from the members of the Committee, who must be an independent non-executive director. In the absence of the Committee Chairman or his designated nominee, other members of the Committee attending the meeting shall elect one of them to chair the meeting.

- 2.3 The composition of the Committee will be reviewed by the Board and the nomination committee of the Company annually to ensure an appropriate balance in terms of expertise, skills and experience.

3. Secretary

- 3.1 The company secretary of the Company shall be the Committee Secretary. The company secretary may designate any other person as the Committee Secretary with the consent of the Committee.
- 3.2 The Committee Secretary shall attend the Committee meetings and draft the minutes and be responsible for all administrative matters of the Committee.

4. Frequency and proceedings of meeting

- 4.1 The Committee shall meet at least four (4) times per year. Additional meetings shall be held as the work of the Committee or circumstances requires.
- 4.2 The Committee meeting shall be convened by one (1) member of the Committee or the Committee Secretary as authorised by the Committee.
- 4.3 Unless otherwise required, the notice of the meeting confirming the venue, time and date together with an agenda to be discussed shall be given to each member of the Committee and other persons invited to attend the meeting not less than three (3) days before the meeting. Other supporting documents relating to the meeting shall be given at the same time to the members of the Committee and other persons invited to attend the meeting.
- 4.4 A quorum necessary for the transaction of any business by the Committee shall be two (2) members of the Committee. A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities vested in the Committee.
- 4.5 Each of the members of the Committee has one (1) vote. When there is a tie, the Committee Chairman shall have one (1) more vote. Under such circumstances, the two (2) votes of Committee Chairman shall be voted to the same side.
- 4.6 Only members of the Committee are entitled to attend Committee meetings. Other directors of the Company or executives of the Group may be invited to attend all or part of any meeting, as and when appropriate and necessary.
- 4.7 Meetings may be held by telephone, electronic or other means of communication so that all attendants at the meeting can communicate with each other instantaneously.

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

5. Minutes

- 5.1 The Committee Secretary shall keep records of all conclusions and resolutions passed at all Committee meetings, including the names and signatures of the Committee members attending the meetings.
- 5.2 Full minutes of the Committee meetings shall be kept by the Committee Secretary.
- 5.3 The Committee Secretary shall send the draft of the minutes to all members of the Committee for their comments and followed by the finalised version as records within a reasonable time after the meeting. Once agreed, minutes of the Committee meetings shall be circulated to all members of the Board.
- 5.4 A resolution in writing signed by all members of the Committee would be considered as valid and effective as if a resolution had been passed at a meeting of the Committee duly convened and held. Such resolution may be signed and circulated by email or other electronic communications.
- 5.5 If any member of the Committee (or his/her associate) has a material interest in a matter to be discussed and/or approved by the Committee, the matter should be dealt with by a Committee meeting rather than a resolution in writing.

6. Duties

- 6.1 The duties of the Committee shall include:
- (1) To oversee the Group's risk management and internal control systems on an ongoing basis;
 - (2) To conduct an annual review of the effectiveness of the Group's risk management and internal control systems;

- (3) To ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's internal audit function during the annual review;
- (4) To discuss the risk management and internal control systems with management to ensure that management has performed its duty of establishing effective systems;
- (5) To consider, as delegated by the Board or on its own initiative, major investigation findings on risk management and internal control matters and management's response to these findings;
- (6) To ensure co-ordination between the internal audit department and external auditor, and the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness (adequately resourced means that the function is staffed by people with appropriate qualifications, experience, integrity and independence of mind);
- (7) To review the regular reports by the internal audit department, including any findings of substantial contract review and non-compliance or irregularity matters;
- (8) To advise the Board on the Group's risk management principles and other risk related matters (including corporate actions and suggested strategic transactions, such as business combinations, acquisitions and disposals, substantial investments, and notifiable transactions as defined under the Listing Rules);
- (9) To ensure a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) is in place to raise concerns, in confidence and under anonymity, with the Committee about possible improprieties in any matter related to the Group; and
- (10) To ensure that policy(ies) and system(s) are in place to (i) promote and support anti-corruption laws and regulations and to (ii) foster an anti-corruption culture within the Group.

6.2 The annual review of the effectiveness of the Group's risk management and internal control systems shall cover all material controls, including financial, operational and compliance controls of the Group. Management at the same time should provide a confirmation to the Committee (on behalf of the Board) on the effectiveness of these systems. The Committee shall consider during the annual review:

- (1) the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;

- (2) the scope and quality of management's ongoing monitoring of risks and of the internal control systems;
- (3) the work of the internal audit function;
- (4) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess controls of the Group and the effectiveness of risk management;
- (5) significant control failures or weaknesses that have been identified during the year (including the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition); and
- (6) the effectiveness of the Company's or the Group's processes for Listing Rules compliance.

6.3 The Committee shall prepare the risk management and internal control report to be included in the corporate governance report under the annual report of the Company. The report shall disclose a narrative statement on how the Group has complied with the risk management and internal control code provisions during the year. In particular, the content shall include:

- (1) The results of the annual review of the effectiveness of the Group's risk management and internal control systems;
- (2) the process used to identify, evaluate and manage significant risks;
- (3) the main features of the risk management and internal control systems;
- (4) an acknowledgement by the Board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. It shall also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;
- (5) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects;
- (6) the procedures and internal controls for the handling and dissemination of inside information;
- (7) the details (including the review on effectiveness) of the Group's internal audit function;

- (8) how often the risk management and internal controls systems are reviewed, and the period covered;
 - (9) whether the Group considers its risk management and internal control systems effective and adequate; and
 - (10) whether the Committee has received a confirmation from management on the effectiveness of the Group's risk management and internal control systems.
- 6.4 The Committee, where necessary, may seek independent professional advice to perform its responsibilities at the cost of the Company.
- 6.5 The Committee shall report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so).
- 6.6 The Committee shall prepare a summary of its work during the year for inclusion in the corporate governance report under the annual report of the Company (including how the Committee met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the Group's internal audit function).

7. Authority

- 7.1 The Committee is authorised by the Board to investigate any activity within its duties and responsibilities under these terms of reference, and to collect any information (including all confidential information) it may require from any employee, director, agent or adviser and all of them are directed to co-operate with any request made by the Committee.
- 7.2 The Committee shall be provided by the Company with sufficient resources to perform its duties.
- 7.3 The Committee is authorised by the Board to invite relevant personnel within the Group to attend the Committee meetings, and to obtain any information that it requires from any other committee and/or department, if it considers necessary, in order to perform its duties.
- 7.4 The Committee may invite external advisers with relevant experience and expertise to participate and attend Committee meetings as and when necessary, and it shall review and approve the advisory fees and other terms of engagement of the external advisers.
- 7.5 The Committee has authority to meet the management which submits recommendations, and to review the risk management related investigation reports.

8. Reporting responsibilities

- 8.1 The Committee Chairman shall duly report, within his responsibilities, to the Board on the discussions and conclusions of each meeting.
- 8.2 The Committee shall make recommendations to the Board on areas where improvement is required as it thinks fit.

9. General

- 9.1 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board, on The Stock Exchange of Hong Kong Limited's website and the Company's website.
- 9.2 The Committee Chairman (in his absence, another member of the Committee) shall make himself available to attend the annual general meetings of the Company to answer questions thereat.

10. Definitions

- 10.1 In these terms of reference, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	means the board of directors of the Company
“Committee”	means the risk management committee of the Company
“Committee Chairman”	means the chairman of the Committee
“Committee Secretary”	means the secretary of the Committee
“Company”	means ANTA Sports Products Limited
“Group”	means the Company and its subsidiaries
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

11. Language

- 11.1 If there is any inconsistency between the English and the Chinese versions of these terms of reference, the English version shall prevail.