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TOP SPORTS

TOPSPORTS INTERNATIONAL HOLDINGS LIMITED
滔搏國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6110

2024/25
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

滔搏

TOP SPORTS

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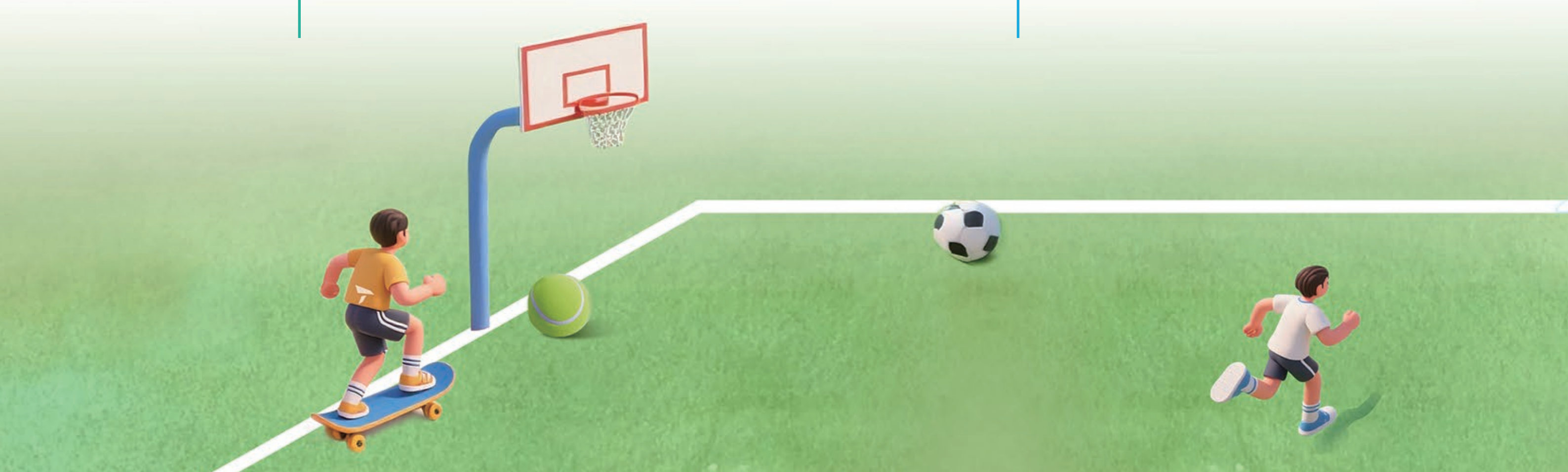


About this Report

Topsports International Holdings Limited (hereinafter referred to as "Topsports" or "the Company") and its affiliated companies (hereinafter referred to as "this Group" or "the Group") are pleased to present their 6th Environmental, Social, and Governance (ESG) Report ("this report"). This report aims to accurately reflect the Group's principles, management, actions, and achievements in ESG, addressing the concerns and expectations of various stakeholders regarding the Group's sustainability management.

Scope

The reporting period for this report is from March 1, 2024, to February 28, 2025 ("this financial year"). To enhance the comparability and completeness of this report, some content may appropriately reference information from previous years. This report covers the sports retail business of the Group.

Reporting Principles

This report has been prepared in strict accordance with Appendix C2, *Environmental, Social and Governance Reporting Code* (the "Code"), of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK") (the "Listing Rules") and is disclosed or interpreted based on the actual circumstances of the Group.

Principles	Definition	Response by the Group
Materiality	The report should cover categories that highlight the group's significant impacts on the economy, environment, and society, or that substantially influence stakeholders' assessments and decisions.	Identify key materiality topics by reviewing the Group's development strategy in the context of industry and business conditions, and by communicating with stakeholders.
Quantitative	Key performance indicators (KPIs) linked to historical data in the report must be quantifiable to assess and verify performance. Quantitative data should be accompanied by explanations that clarify their purpose and impact, and comparative data should be included when relevant.	The Group has provided quantitative KPI information for this financial year, along with detailed explanations to help stakeholders clearly understand the Group's overall performance.
Balance	The report information should reflect both the positive and negative aspects of the group's performance to enable reasonable assessment of its overall performance.	This report details the Group's accomplishments and challenges, providing relevant quantitative data for thorough analysis and comparison.
Consistency	Information in the report should be disclosed in a consistent manner to enable stakeholders to analyze and evaluate the group's performance over different periods.	The Group ensures that the scope of disclosure and the reporting methodology of the report remain generally consistent each year.

Source

The information and data cited in this report are derived from the Group's official documents, statistical reports, internal data, and relevant publicly available materials.

Access

The electronic version of this report can be accessed on the website of SEHK (www.hkexnews.hk) and the official website of the Group (www.topsports.com.cn). In the event of any discrepancies between the Chinese and English versions of this report, the Chinese version shall prevail. Your valuable input will help us further improve this report and positively impact the Group's overall ESG performance. If you have any questions or suggestions, please feel free to contact the Group at ir@topsports.com.cn.

01

ESG Strategy and Management

1.1 Chairman's Message

As Topsports celebrates its 25th anniversary, I extend my sincere gratitude on behalf of the Board to all partners, employees, consumers, investors, and stakeholders who have supported our journey. Throughout this financial year, we have continued to fulfill our mission that “Break boundaries through sports and inspire limitless possibilities.” In the realm of Environmental, Social, and Governance (ESG), we have taken significant strides aligned with our strategic direction, addressing contemporary challenges through sustainable innovation and responsible stewardship.

Upholding Our Vision with Strategic Leadership

Facing both environmental challenges and the global sustainability movement, we have embraced a concept of “Striving for Excellency, Surging Forward,” integrating sustainability principles throughout our organizational development. This financial year, we deepened the implementation of our core ESG initiatives, establishing the Group’s carbon reduction targets for the first time while fostering deeper integration between our green strategy and business operations. We have continuously cultivated a sustainable retail ecosystem, engaging consumers more profoundly across broader dimensions of sustainability. By prioritizing corporate social responsibility with emphasis on talent development and cultivation, we are building capacity for long-term industry advancement. Throughout the financial year, we have employed multiple approaches in our determined progress toward becoming “A promoter and leader of green consumption by collaboratively building a sustainable ecosystem and achieving win-win values”.

Outstanding Achievements through Steadfast Progress

This year marked our breakthrough advancement in international ESG recognition, with our MSCI ESG rating leaping to AA—a distinguished achievement that continues to position us at the forefront of sustainable practices within China’s consumer goods sector.

We have consistently prioritized consumer interests at the core of our value system, reinforcing our commitment to product quality and safety while enhancing the customer experience through personalized service and digital innovations. Our “GREENBOX” initiative has served as a powerful platform for promoting environmental protection and carbon reduction values, creating profound resonance between commercial and social objectives.

In response to the urgent demands of global climate governance, we have sustained our implementation of energy-saving and consumption-reducing initiatives across green stores, logistics, and office operations. Our collaborative green store initiative with brand partners achieved prestigious Leadership in Energy and Environmental Design (LEED) Gold certification, comprehensively fulfilling environmental commitments across materials, energy systems, and construction processes while creating comfortable, premium shopping environments for consumers. At the same time, the Group has formally established a ten-year carbon reduction target and pioneered comprehensive Scope 3 greenhouse gas inventory work, proactively exploring emission reduction potential throughout our supply chain.

We have fostered an equitable, inclusive, and diverse workplace by refining our recruitment mechanisms, incentive structures, and development systems—enhancing our talent pool while progressively cultivating an organizational culture characterized by both inclusivity and innovation. Simultaneously, we have strengthened risk management and internal control frameworks, actively cultivated a culture of integrity, created a transparent business environment, and advanced intellectual property protection, establishing a solid compliance foundation for sustainable development.

Standing at this new milestone of our 25th anniversary, we firmly believe that sustainable development is the source of confidence to provide steadfast assurance, and enable us to navigate the complex rhythms of cycles. We will continue leveraging our Omni-channel retail ecosystem and every consumer interaction as fulcrums for delivering sustainable value through each service encounter. Working hand-in-hand with our brand partners, we will jointly explore the symbiotic relationship path between commercial, social, and environmental value, contributing Topsports' strength to the industry's sustainable development.

Yu Wu
Chairman & Chief Executive Officer
Hong Kong, May 21, 2025

1.2 About the Group

Topsports Overview

The Group is a major sports retail operator in China, dedicated to working with brand partners and participants in the sports industry. Through its Omni-channel ecosystem, which includes physical stores, platform e-commerce, content e-commerce, and private domain operations, and seamless interaction with over 80 million users, the Group offers consumers quality products, professional services, and exceptional experiences, fostering an unlimited, positive, healthy, and joyful sports lifestyle.

The Group has formed strategic partnerships with over 20 renowned sports footwear and apparel brands, including Nike, adidas, PUMA, The North Face, Timberland, ASICS, Onitsuka Tiger, LI-NING, HOKA ONE ONE, KAILAS, norda™, and more. Our product and service offerings span a wide range of areas, including comprehensive sports, professional sports, casual sports, and IP culture, among others. We offer our brand partners access to the Chinese market and valuable consumer insights. Additionally, we aim to become a comprehensive, one-stop operational partner for more collaborators in the Chinese market, providing consumers with Omni-channel retail services and valuable experiences.

The company was listed on the Main Board of the Hong Kong Stock Exchange in October 2019 (Stock code: 6110). In 2024, the Company achieved an MSCI ESG rating of AA, a leading position among listed companies in China's sports footwear and apparel industry.

Vision
Strive to build a platform catering to the consumers' need for sportswear and healthy lifestyle and to become global first-class sports retail operator

Mission
Break boundaries through sports and inspire limitless possibilities

Brand Value Proposition
Fostering joyous sports experiences and lifestyle

Core Brand Spirit
Born to Dare

The Group remains committed to refining its efficient Omni-channel retail strategy, optimizing Omni-channel user engagement, leveraging precise and effective digital tools, exploring innovative business models and services, and prioritizing sustainable development. These efforts are aimed at consistently boosting business competitiveness and ensuring long-term growth. Based on the aforementioned business positioning and its role in the industry chain, the Group further promotes the co-construction of a sustainable ecosystem and win-win values, aiming to become a promoter and leader of green consumption on the journey towards a greener, healthier, and more sustainable future.

Annual Highlights

Annual revenue

RMB 27,012.9 million

Annual net profit*

RMB 1,286.0 million

Annual total dividend payout ratio

135%

Cash and cash equivalents

RMB 2,587.4 million

Brand partners

20+

Number of directly-operated stores

5,000+

Number of mini-program stores

2,300+

Number of Douyin and Wechat video accounts

500+

3.4%

year-on-year reduction in direct energy consumption

14.0%

year-on-year reduction in water consumption

>2 tonnes

of recycled old apparel and shoes

Plan to reduce absolute greenhouse gas emissions (Scope 1 and Scope 2) by

40.2% by financial year 2034/2035

(with financial year 2024/25 as the baseline year)

Disclosure of Scope 3 category data for

the first time

All directly operated stores nationwide uniformly used shopping bags made of

100% degradable all-wood pulp white kraft paper

Number of users

Approximately 8,600 million

Online e-commerce platform consumer satisfaction

89.7%

Number of employees

27,279

Female employee ratio

83.0%

Female executive ratio

50.3%

Employee training coverage rate

>95%

of brand partners or their parent groups have set carbon reduction targets

>70%

of brand partners or their parent groups have promised to achieve carbon neutrality by 2050

>50%

Achieved procurement of eco-friendly products accounts from

50% brand partners

of revenue comes from sales of products of ZDHC-certified brands

>85%

Purchases are from Top 5 suppliers

94.7%

of suppliers have signed Integrity Agreements

100%

* Net profit refers to profit attributable to the Company's equity holders

1.3 ESG Strategy

Statement from the Board of Directors

The Board of Directors of this Group places great importance on sustainable development, strictly following the SEHK's Environmental, Social and Governance Reporting Code. The Board consistently enhances and enforces the responsibilities and authorities across all levels of the ESG framework, while overseeing and engaging in the Group's environmental, social, and governance matters.

As the Group's highest decision-making body, the Board is tasked with establishing the ESG strategy and framework. It identifies, assesses, manages, and monitors ESG-related risks and opportunities, sets management objectives, and develops strategies. Additionally, the Board ensures that the Group maintains keen insights in a complex and ever-changing external environment. The Board regularly reviews work reports to gain a comprehensive understanding of the implementation of ESG management measures, thoroughly assesses the achievement of objectives, and promptly adjusts strategies based on actual conditions. The Board also reviews the ESG agenda, identifies key disclosure elements for the report, and evaluates and approves the ESG report to proactively meet the expectations of all stakeholders, thereby ensuring the Group's sustainable development.

ESG Strategy

As the largest sports retail operator in China, the Group has consistently upheld its corporate social responsibility. Based on its business positioning and role within the industry chain, the Group has clearly defined its ESG vision: "To become a promoter and leader of green consumption by collaboratively building a sustainable ecosystem and achieving win-win values." The Group remains dedicated to playing a pivotal role in connecting the upstream and downstream sectors in the industry's sustainability journey, fostering the development of a green and low-carbon ecological chain, and spearheading green consumption.

ESG Vision

To become a promoter and leader of green consumption by jointly building a sustainable ecosystem and achieving win-win values.

TOP Procurement and Collaboration

Take on more sustainable corporate responsibilities and jointly build the low-carbon value chain among the ecosystem with other stakeholders through sustainable supply chain management.

TOP Consumption and Lifestyle

Advocate for the concept of green consumption, provide safe and high-quality consumer services, to drive forward the concept of a green and healthy sporting lifestyle.

TOP Governance and Responsibility

Actively assume corporate social responsibilities, build a diverse, equal, and inclusive culture, to achieve top-notch corporate governance.

5 ESG Sub-sections

TOP Governance and Responsibility

TOP Procurement and Collaboration

TOP Consumption and Lifestyle

Mutually forge the green ecosystem as one

Build a green and low-carbon ecosystem with industry partners by promoting the use of more sustainable materials and reducing GHG emissions throughout value chain.

Green consumption and quality services

Promote the concept of a sustainable lifestyle to consumers and continue protecting user privacy.

Diversity, equality, inclusion, and coexistence

Safeguard employees' rights and interests as well as career development to build a healthy corporate culture and environment.

Plant for a better community and support to public welfare

Undertake corporate social responsibility and actively participate in community construction to build a harmonious society.

Compliance, ethics, transparency

Continuously improve the sustainable governance system in regard to international governance standards.

1.4 ESG Highlights of the Year

The Group embraces the ESG principles and guidelines of the United Nations Sustainable Development Goals (SDGs). By focusing on the five pillars of our ESG strategy, we have significantly enhanced the implementation and impact of various ESG initiatives. Our goal is to become a champion and leader in green consumption through the sustainable co-creation of ecosystems and mutual value generation.

Green Consumption and Quality Services

Our Goals:	Achievements
Promote the concept of a sustainable lifestyle to consumers and continue protecting user privacy. **Respond to SDGs**	• Enhanced the development of the "GREENBOX" public welfare IP by implementing programs including the "Recycling Initiative" and "Footwear and Apparel Renewal Initiative." These efforts have collectively gathered over 2 tonnes of used clothing, reducing carbon emissions by approximately 8 tonnes and further promoting green consumption. • More than 85% of the Group's revenue was generated by selling products from Zero Discharge of Hazardous Chemicals (ZDHC) certified sports brands. • Standardized the use and management of chemicals in the production process of FOSS brand products by referring to the *Self-owned Product Restricted Substances List of FOSS Brand* and *Overview of Self-owned Product Development and Production Process of FOSS Brand.* • Conducted consumer research on online e-commerce platforms, achieving a satisfaction rate of 89.7%. • Our information security system has obtained Level-3 Security Certification in China, covering all business activities of the Group; and the Group conducts a minimum of one external independent audit each year. • Revise the *Privacy Statement* to include security measures and compliance risks related to emerging technologies such as artificial intelligence (AI).

Mutually Forge the Green Ecosystem as One

Our Goals:

Build a green and low-carbon ecosystem with industry partners by promoting the use of more and sustainable materials and reducing GHG emissions throughout value chain.

Respond to SDGs

7 AFFORDABLE AND CLEAN ENERGY

14 LIFE BELOW WATER

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Our Achievements:

- Established a carbon reduction target, planning to reduce absolute greenhouse gas emissions (Scope 1 and Scope 2) by 40.2% by financial year 2034/2035 (with financial year 2024/25 as the baseline year).
- Conducted the initial inventory of Scope 3 greenhouse gas emissions, examining the potential for emission reductions throughout the value chain.
- Direct energy consumption, water usage, and packaging material usage decreased by 3.4%, 14.0%, and 41.8% respectively compared to the previous financial year.
- By the end of this financial year, the Group had established distribution partnerships with 20+ brand partners and procured environmentally friendly products from over 50% of brand partners.
- More than 70% of brand partners or their parent companies have established carbon reduction goals.
- Over 50% of brand partners or their parent companies have set carbon neutrality targets for 2050.
- Over 99% of the leather raw materials used by one of our principle brand partners* are audited in accordance with the Leather Working Group (LWG) protocol. Additionally, the principle partner is committed to achieving deforestation-free and conversion-free leather supply chains by 2030.
- A Topsports' store has received the Leadership in Energy and Environmental Design (LEED) Gold certification for the first time, further advancing new green retail standards in collaboration with brand partners.
- All directly-operated stores uniformly used shopping bags made of 100% degradable all-wood pulp white kraft paper.
- Implemented the *Supplier Code of Conduct*, which outlines guidelines for responsible raw material procurement, ensuring that all products are sourced from compliant and sustainable channels.
- Continue to deepen low-carbon collaboration with logistics partners, comprehensively promote energy-saving renovations of warehousing facilities, the application of green packaging materials, and the construction of new-energy transportation fleets, thereby reducing the carbon footprint in the process of product storage and distribution.

* Refers to Nike, Adidas, Timberland, and other brand partners, as mentioned below.

Diversity, Equality, Inclusion, and Coexistence

Our Goals:	Our Achievements:
Safeguard employees' rights and interests as well as career development to build a healthy corporate culture and environment. **Respond to SDGs**	• The company employs 27,279 staff members from 35 ethnic groups, including nearly 1,500 employees from minority backgrounds, which accounts for over 5% of the total workforce. • By the end of the financial year, women made up 83.0% of the Group's employees. • During this financial year, the Group conducted approximately 500 online learning projects and held nearly 230 offline training activities, with total training hours exceeding 2.66 million hours and training coverage exceeding 95%. • In line with the Group's *Employee Rights Policy*, we safeguard the rights and benefits of every employee by offering various subsidies, multiple flexible working arrangements, and additional leave benefits, fostering mutual growth for both the company and its employees. • Gained widespread recognition from both employees and society, earning multiple best employer awards, such as the "Liepin East China Region 2024 Human Resources Excellence Contribution Award."

Plant for A Better Community and Support to Public Welfare

Our Goals:	Our Achievements:
Undertake corporate social responsibility and actively participate in community construction to build a harmonious society. **Respond to SDGs**	• Jointly initiated "Beach Cleanup Actions" and "Mountain Cleanup Activities" with brand partners, consistently engaging in environmental protection-themed public welfare initiatives. • Partnered with the renowned IP "DUCKYO FRIENDS" to introduce the "TOP Run Free" creative marathon event, pioneering an innovative public welfare model that combines "Sports + IP + Sustainability".

Compliance, Ethics, and Transparency

Our Goals:	Our Achievements:
Continuously improve the sustainable governance system in regard to international governance standards. **Respond to SDGs**	• Advocate both employees and the company to behave with higher business ethics, following the working guidelines and disciplinary measures outlined in the *Corporate Code of Conduct*. • Topsports Academy provides anti-fraud training sessions to all employees within the Group, with 100% participation achieved. • Implement the *Supplier Code of Conduct*, encouraging suppliers to establish anti-corruption systems, and signed "Integrity Agreements" with all suppliers.

Sustainability Ratings, Major Awards and Certifications

MSCI ESG Rating upgraded by two levels to AA, leading the Chinese consumer goods sector

Morningstar Sustainalytics ESG Risk Rating: Low Risk

Named "Most Honored Company" in the Consumer Discretionary category at the "2024 Asia (ex-Japan) Executive Team" rankings by Institutional Investor, a leading international financial magazine. Also ranked first for the fourth consecutive year in categories including "Best ESG" and "Best Board of Directors."

Recognized on the 2024 Fortune China 500 list

Awarded "Best ESG Newcomer" at the 8th China Excellence IR Awards

Recognized as "Green Sustainable Innovation Brand of the Year" at the 2024 Golden Tripod Awards

"GREENBOX Charity IP Initiative" selected for Wall Street CN's third annual "Zero Carbon Future: ESG Innovation Practice List"

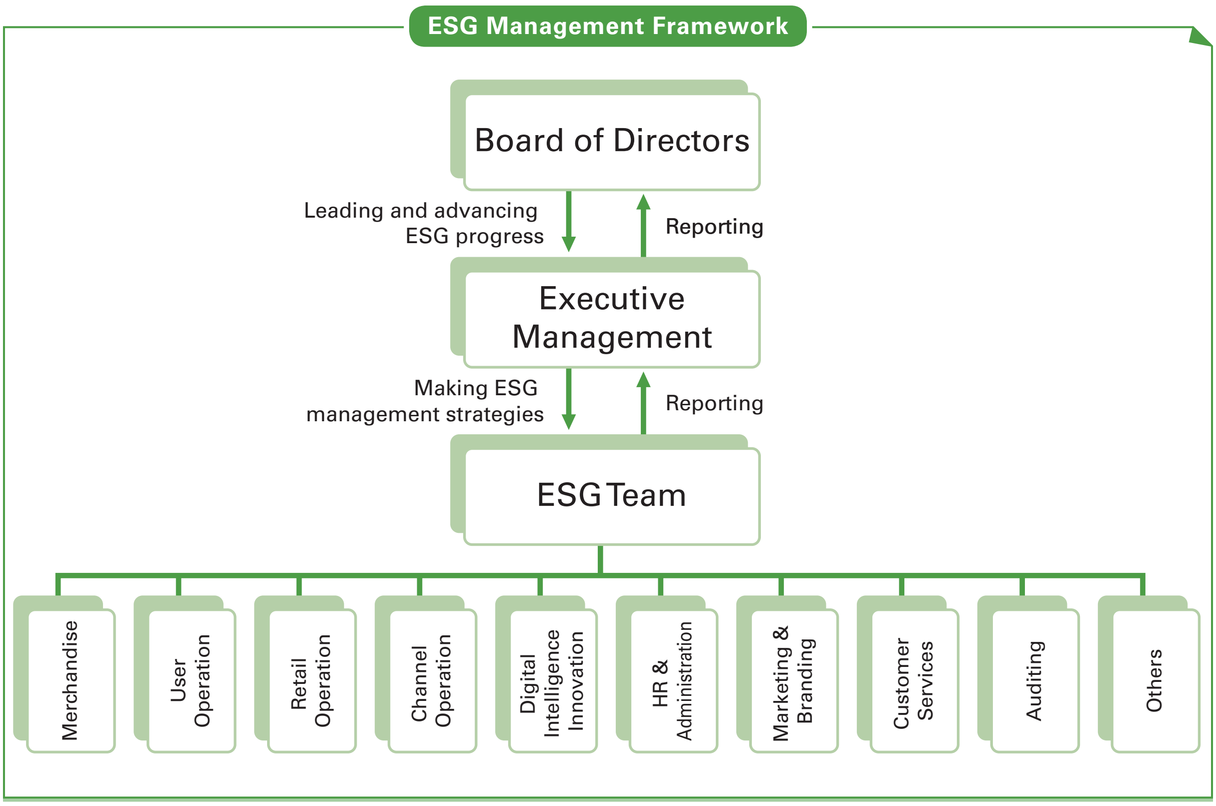
Received Liepin's "2024 HR Excellence Award" for the East China Region

Honored with the "BOOAOO Award for Excellence in Digital Learning Practices" by the Online Education Information Network

1.5 ESG Management Framework

The Group places high priority on developing its Environmental, Social, and Governance (ESG) framework. Through a multi-tiered ESG governance structure centered on the Board of Directors, we continuously strengthen the Board's oversight and decision-making authority on ESG strategy. By systematically integrating ESG management principles into major business decisions and routine operations, we substantially enhance our sustainability capabilities, laying an institutional foundation for high-quality, sustainable growth.

The Board of Directors has full responsibility for developing the Group's ESG management strategy, ensuring complete alignment with our overall corporate strategy. Based on the ESG strategy, management defines specific action plans and coordinates cross-departmental collaboration to advance ESG initiatives. The ESG Working Group implements specific measures across key ESG management areas in daily operations and regularly reports progress to management and the Board. The Group is also responsible for collecting and organizing ESG-related information and quantitative data, preparing annual ESG reports, and comprehensively showcasing our sustainability efforts and achievements.



1.6 Stakeholder Communication and ESG Materiality Assessment

The Group recognizes that effective stakeholder engagement is a vital catalyst for advancing our ESG strategy implementation and sustainable development. This engagement enables us to identify potential risks and opportunities while continuously validating and refining our ESG strategic approach. We have established a comprehensive stakeholder engagement framework with diverse communication channels to thoroughly understand stakeholder concerns. By responding promptly to feedback and incorporating relevant suggestions, we continually enhance the rigor and effectiveness of our ESG management, providing robust support for achieving our sustainability objectives.

Stakeholder Communication

Stakeholder Category	Demands and Expectations	Communication and Response Within the financial Year
Government and Regulatory Authorities	Compliance operation and tax payment according to law Respond to National Policies Project strategic cooperation	Strengthening Compliance Management Responded to and implemented national policies Promoted fair competition in the industry
Investors and Shareholders	Financial performance returns Information disclosure and transparency Sustainable profitability	Held shareholder meetings and annual and interim results presentations In-depth exchanges with shareholder representatives and investors Participated in various investor summits and strategy meetings Conducted domestic and international roadshow activities
Consumers	Product quality assurance Consumer service quality Consumer information protection Ethical marketing	Continuously obtained and responded to consumer suggestions Conducted consumer satisfaction surveys
Employees	Protection of employee rights Employee development opportunities Employee compensation and benefits Employee care	Communication through daily work meetings, forums, social software, and the “Topsports Academy” cloud classroom system Employee care activities
Suppliers and Partners	Integrity in cooperation Win-win cooperation Fair and open	Improved supplier management mechanisms Conducted project expansion and cooperation

Stakeholder Category	Demands and Expectations	Communication and Response Within the financial Year
Industry Associations and Media	Comply with industry standards Promotion of industry development Information transparency	Participated in industry discussions and exchanges Attended media interviews
Community	Community engagement Fulfillment of community responsibilities	Organized various social welfare activities

Materiality Assessment

During this financial year, the Group continued to gather stakeholder perspectives on sustainability issues. By leveraging international ESG standards alongside industry trends, regulatory requirements, and corporate strategic objectives, the Group comprehensively assessed each issue's impact on both the organization and its stakeholders, resulting in a materiality matrix. The approach followed these steps:

Identifying Materiality Topics

- The Group identified material ESG topics by evaluating international ESG standards, industry trends, regulatory requirements, and strategic objectives, while incorporating *the Hong Kong Stock Exchange's ESG Reporting Code* requirements and industry-specific ESG priorities.

Stakeholder Engagement

- The Group engaged extensively with stakeholders through interviews and meetings to gather feedback and understand their expectations regarding the organization's ESG performance.

Analysis and Prioritization

- Evaluated research findings to prioritize issues across four key areas—environment, employment, operations, and community—based on stakeholder concerns.

Development of the ESG Materiality Matrix

- Based on stakeholder input and materiality analysis, the Group developed an ESG materiality matrix.
- Key stakeholder concerns are addressed throughout this report.

Materiality Assessment Results

Environment	Employment	Operation	Community
1 Packaging Material Usage 2 Waste Management 3 Green Store Operations 4 Climate Change Response 5 Energy Consumption and Resource Utilization	6 Employee Recruitment and Team Building 7 Employee Compensation and Benefits 8 Equality, Inclusion and Diversity 9 Occupational Health and Safety 10 Employee Training and Development 11 Protection of Employee Rights	12 Responsible Procurement 13 Supplier Management 14 Product Quality and Health 15 Consumer Service and Satisfaction 16 Information Security and Privacy Protection 17 Responsible Marketing 18 Intellectual Property Management 19 Compliant and Robust Operations 20 Anti-corruption and Business Integrity 21 Digital Transformation	22 Social Public Welfare and Charity

The materiality assessment results indicate that the Group's stakeholders place significant emphasis on product quality and safety, consumer service and satisfaction, and anti-corruption and business integrity. The Group will incorporate these findings into its ESG management objectives and action plans for the upcoming financial year. Throughout this report, the Group provides detailed explanations of these core issues to address stakeholder concerns.

02

Green Consumption and Quality Services

— Creating a Healthy Sports Lifestyle with Consumers

The Group continuously enhances its product quality management system, leveraging digital technology to strengthen operational processes and establishing robust product safety standards. The Group maintains an unwavering commitment to service excellence, addressing diverse consumer needs through professional, attentive service while consistently refining service processes to enhance customer satisfaction. Additionally, the Group actively promotes sustainable lifestyle concepts, helping consumers transition toward more environmentally friendly and healthy living patterns.

ESG topics covered in this chapter

Product Quality and Health
Consumer Service and Satisfaction
Information Security and Privacy Protection
Responsible Marketing
Digital Transformation

SDGs addressed in this chapter

2.1 Product Management and Safety

The Group strictly adheres to relevant laws and regulations, including *the Product Quality Law* and *the Consumer Rights Protection Law of the People's Republic of China*. The Group continuously enhances its product quality control system, actively implements standardized quality control processes, strengthens chemical safety risk prevention measures, and is committed to providing consumers with safe, high-quality, and trustworthy products. During this financial year, the Group recorded no product recalls related to safety or health concerns.

Product Quality Management

The Group places high priority on product quality control, continuously refining its quality management system and rigorously implementing internal protocols such as the *O2O Store Product Packaging Standards* to safeguard product quality at the institutional level. Simultaneously, the Group strengthens supervision and inspection across all aspects of business operations and product quality control, implementing standardized management throughout the entire business process to ensure quality management measures are effectively executed.

The Group applies meticulous quality control management at every stage of its operations. In the shipping process, the Group has innovatively deployed video surveillance and image archiving technologies, achieving complete video coverage of warehouse operations and photographic documentation of store shipments to mitigate risks of incorrect or missed deliveries. For returns and exchanges, the Group has established a comprehensive processing system for addressing product defects or quality issues. By strictly following established protocols, the Group ensures prompt response to and efficient handling of consumer return and exchange requests. The entire process is tracked from initial application to final resolution, with seamless coordination and transparency at each step, creating a reassuring after-sales service experience for consumers.

This financial year, the Group introduced the Store O2O Shipping Violation Penalty Rules, which clearly define procedures for addressing shipping violations such as omissions, errors, and product defects. These measures enhance the accuracy and standardization of the shipping process, further strengthening the Group's product quality assurance framework.

Chemical Safety

The Group prioritizes chemical safety management as a core operational practice, stringently adhering to national and industry regulatory requirements. The Group continuously advances the safe optimization of chemical usage, committed to reducing the application of harmful and restricted chemical substances.

During this financial year, over **85%** of the Group's revenue derived from products sold by sports brands compliant with Zero Discharge of Hazardous Chemicals (ZDHC) certification.

The Group has established the *Self-owned Product Restricted Substances List of FOSS* referencing international and domestic industry standards, including the EU REACH Regulation SVHC List, Oeko-Tex Standard 100 Certification, and AFIRM RSL 2023 Version. This list defines clear standards for chemical management in the production of proprietary products under the Group's FOSS brand, detailing restricted substances and their threshold limits in products and materials. The Group has explicitly scheduled the phase-out or prohibition of various chemical categories, including 70 types of pesticides, 24 aromatic amines, and 18 carcinogenic dyes.

Additionally, the Group has developed the *Overview of Self-owned Product Development and Production Process of FOSS*, which integrates environmental and health standards across key phases including product design, development, ordering, and production delivery. Chemical testing is conducted throughout these stages, with products screened according to the "FOSS Brand Restricted Substance List" to identify substances of high concern. During this financial year, 100% of proprietary textile products under the Group's FOSS brand are free from polyvinyl chloride (PVC), phthalates, and perfluorinated compounds (PFCs).

Furthermore, the Group regularly updates product testing requirements based on national regulations and industry standards, actively explores phased elimination plans for restricted substances, and continuously seeks safer alternatives. Based on operational realities, the Group will research and implement substitution plans for substances of high concern, ensuring products meet functional requirements while achieving elevated environmental and health standards.

2.2 Service Quality and Innovation

The "Consumer-Centric" philosophy remains the Group's fundamental service principle, driving the development of its comprehensive consumer service ecosystem. With sincerity as its foundation, the Group attentively listens to consumer feedback and promptly addresses consumer concerns. Through continuous service innovation and a focus on enhancing green consumption offerings, the Group creates healthy and environmentally conscious sporting experiences for consumers.

Green Consumption

The Group deeply understands consumers' aspirations for eco-friendly lifestyles, continuously enriching product offerings and service value dimensions. By leveraging omni-channel communication platforms and immersive experiences, the Group strengthens the penetration and influence of sustainable consumption concepts. During this financial year, the Group implemented a series of innovative environmental and low-carbon initiatives through its "GREENBOX" charitable IP project across various stores. Through diverse interactive formats and innovative communication approaches, the Group effectively communicated sustainable development values to consumers while actively promoting environmentally conscious and healthy sporting lifestyles.

Case Study “GREENBOX” Project - Recycling Initiative

This financial year, the Group launched the "Recycling Initiative" under the GREENBOX project in partnership with domestic textile recycling platforms including "Flying Ant" and "Love Recycling," installing clothing collection bins at physical retail locations. During the campaign period, consumers who deposited used clothing at designated stores received merchandise discount vouchers. By financial year-end, the initiative had engaged 5 brand partners, covered 123 stores, attracted over 4,400 participants, and collected approximately 3,300 garments (totaling 1.5 tons), resulting in carbon emission reductions of approximately 5,000 kg CO_2e.

Topsports Recycling Initiative

Case Study “GREENBOX” Project - Footwear and Apparel Renewal Initiative

From December 2024 to January 2025, the Group partnered with the “Love Recycling” textile recycling platform to launch the “Footwear and Apparel Renewal Initiative”. During the campaign, consumers who deposited 1kg of textiles (approximately 5-6 garments) at designated collection points received branded sports socks and merchandise vouchers redeemable at retail locations. According to third-party verification, the initiative collected 923.5kg of textiles, resulting in carbon emission reductions of 3,109.5kg CO_2e following professional environmental processing.


证书编号：FHXS-2024-1227

项目碳减排证书

CERTIFICATION OF PROJECT CARBON REDUCTION

项目名称：运动能量 鞋服返航新生

回收品类：织物　重量：923.53kg

合作品牌：滔搏和滔搏「绿盒子」公益IP项目

核算依据标准：ISO 14067:2018、PAS 2050:2011、ISO 14064-2

项目碳减排量：3109.52 kgCO(2)e/kg

兹证明，本次项目回收的923.53kg织物，经过环保处理后的减碳排量为3109.52 kgCO(2)e/kg，相当于种植了156m(2)的绿地。

授权代表（签名或签章）：

发证日期：2024年12月27日

“Footwear and Apparel Renewal Initiative” Poster and Carbon Reduction Certificate

Additionally, the Group engages deeply with brand partners to advance green consumption practices, continuously expanding its sustainable consumption ecosystem and pioneering new eco-friendly lifestyle trends. During this financial year, the Group maintained its participation in Nike's "Reuse-A-Shoe" program, which collects end-of-life footwear through in-store recycling initiatives. Through specialized footwear recycling technology, recovered materials are used to construct playgrounds for schools in China's mountainous regions, contributing to the target of building 100 environmentally friendly athletic surfaces by the end of 2030. This initiative provides children in rural communities with enhanced sporting opportunities while engaging more consumers in sustainable consumption practices.

Service and Satisfaction

The Group strictly complies with the Consumer Rights Protection Law of the People's Republic of China and other relevant regulations, establishing and fully implementing internal management protocols such as the *Topsports Omni-channel Customer Service Workflow Standards*. Through continuous process optimization and a dual approach of standardization and refined operations, the Group systematically enhances service response efficiency and customer experience quality. In this financial year, the Group continues to enhance customer service quality in the following areas:

- **Business Work Order Management:** Continuously upgrade and refine the work order system, utilizing enhanced customer service tools to boost communication efficiency among warehouses, logistics, stores, and other related areas.

- **Store Service Management:** Implemented precise quality control through a comprehensive evaluation system examining service defects, order rejection patterns, and response time metrics. The Group optimized delivery standards and drove iterative improvements toward greater standardization, specialization, and efficiency in retail service.

- **Consumer Complaint Management:** Developed a comprehensive complaint handling system with immediate follow-up mechanisms for each case, meticulously documenting complaint details, resolution progress, and customer feedback. Through periodic in-depth analysis of complaint data, the Group precisely identified service gaps and management blind spots, dynamically optimized resolution processes, and established a closed-loop mechanism for continuous service quality improvement. During this financial year, the Group received 4,674 complaints, all of which were verified and addressed within 48 hours, with appropriate resolution provided in every case.[1]

- **Employee Skills Training:** Conducted retail professional skills training for store employees to master standardized service protocols and seamlessly integrate them into daily operations and consumer interactions.

[1] The Group expanded its complaint tracking metrics this financial year to include reports from market supervision authorities and consumer associations.

The Group focuses on the consumer's end-to-end journey from pre-purchase consultation through post-sales support. By systematically collecting and analyzing feedback data, the Group identifies consumer needs across three dimensions: product experience, after-sales experience, and service experience, establishing a dynamic service optimization mechanism driven by consumer requirements. The Group achieved 89.7% consumer satisfaction across its e-commerce platforms during this financial year.

Responsible Marketing

The Group strictly adheres to relevant legislation including the *Advertising Law of the People's Republic of China*, *the Consumer Rights Protection Law of the People's Republic of China*, and the *Implementing Regulations of the Consumer Rights Protection Law*. Maintaining information authenticity serves as the Group's fundamental principle, with clearly defined parameters for marketing activities. The Group firmly opposes any form of false advertising or exaggerated claims, committed to comprehensive protection of consumers' legitimate rights and interests.

The Group has developed and implemented internal governance documents including *Interpretations and Guidance on Key Provisions of the Consumer Rights Protection Law Implementation Regulations*, *Guidelines for Compliant Price Marking*, *Guidance for Label Information Changes*, and *Interpretations of Internet Advertising Regulations and Risk Alerts for Livestream Commerce*. The Group conducts targeted comprehensive communication and professional training for business units to ensure all operations proceed in a legally compliant and stable manner. In September 2024, the Group conducted compliance training on promotional activities for headquarters and regional teams via online livestreaming; organized a systematic compilation of promotional compliance guidelines for frontline staff reference in daily operations, facilitating compliant and orderly promotional activities.

At the same time, drawing on key historical content and practical case studies, the Group published and disseminated the *Topsports Legal Department Comprehensive Guidelines for Standardizing Sales Practices During Major Promotional Periods (Consumer Rights Handling, Promotions, Prize Draws, Advertising, and Copyright Materials).* This resource presents risk alerts and operational protocols in Q&A format with user-friendly indexing, enabling business employee to quickly locate relevant guidance based on specific needs, thereby effectively enhancing compliance risk management capabilities.

To further strengthen compliant marketing practices across relevant business units, the Group innovatively developed a "Promotional Compliance Awareness Week" campaign, building upon ongoing initiatives such as the regularized "Topsports Legal Mini-Classroom" and quarterly self-assessment and compliance issue summaries. Through establishing an interactive "Legal Department Announcements" service portal within the internal office system, the Group distilled key compliance points into announcement-format communications for frontline staff, supporting business departments in better implementing compliance requirements in their daily marketing activities.

"Promotional Compliance Awareness Week" Campaign

Digital Operations

Amid the digital transformation wave, the Group leverages digitalization as a core development engine, integrating digital management methodologies into daily operations, supply chain management, and other business aspects. During this financial year, the Group continuously enhanced its digital platforms across both proprietary and public channels. Through iterative upgrades to the ticketing system, deployment of new digital tools, and implementation of headerless package binding functionality, the Group has improved information exchange efficiency throughout warehousing, logistics, and retail operations, comprehensively elevating service quality and operational performance.

To accelerate its digital intelligence transformation, the Group continues to strengthen its product research and development capabilities, actively exploring innovative applications of digital transformation across diverse business domains. Through judicious application of cutting-edge technologies, the Group meticulously refines every aspect of the user experience while enhancing operational efficiency, striving for simultaneous improvements in business performance and customer satisfaction.

Case Study Topsports Supply Chain Digitalization Recognized as "2024 Retail Industry Supply Chain Best Practice"

This financial year, the Group was recognized by the China Chain Store & Franchise Association (CCFA) as a "2024 Retail Industry Supply Chain Best Practice" for its innovative supply chain digitalization initiatives. The Group's proprietary RFID Data Management Center (RDC) system successfully integrates RFID technology with Topsports' business systems, enabling effective product lifecycle management. While significantly enhancing end-to-end operational efficiency and supply chain capabilities, the system leverages computational power and big data analytics to gain deeper insights into diverse consumer needs and interests, facilitating the delivery of high-quality, personalized products and experiences.

Case Study Collaborative Intelligent Operations Platform Wins 2024 "Dingxin Cup" Digital Transformation Excellence Award

This financial year, the "Topsports Intelligent Operations and Maintenance Innovation Platform: Digital Intelligence Engine for High-Quality Business Development" – jointly submitted by the Group and Jiawei Blue Whale – received the third-place award in the 2024 "Dingxin Cup" competition for its outstanding innovation and implementation achievements. The partners collaborated to develop an integrated IT operations and maintenance platform that incorporates configuration management, monitoring, process management, and automation capabilities. The platform captures system status in real-time, reduces human error through streamlined process management, and alleviates workload through automated operations. The enhanced platform not only meets current operational requirements but also enables business scope expansion and sophisticated management of operational targets. This advancement helps the enterprise transcend traditional operational limitations, supporting core business functions more efficiently and intelligently.

Received the "Dingxin Cup" Third-Place Award

2.3 Data Security and Privacy Protection

The Group rigorously complies with legislative frameworks including the *Data Security Law*, *Cybersecurity Law*, and *Personal Information Protection Law of the People's Republic of China*. The Group has established and implemented internal governance protocols such as the *Data Security Management Guidelines*, constructing a systematic security management and technical protection framework while continuously enhancing data protection capabilities. During this financial year, the Group recorded no significant information security incidents or breaches involving sensitive customer, employee, or partner data.

The Group places paramount importance on data security and privacy protection, with leadership assuming comprehensive responsibility for these initiatives. A dedicated information security management department coordinates the development and administration of information security infrastructure. This department comprises professionals with specialized information security backgrounds and qualifications who align closely with the Group's strategic direction. They systematically develop and rigorously implement information security and privacy protection strategies and operational plans, ensuring effective deployment of security and privacy management measures. Simultaneously, the Group continuously strengthens its foundational data security management capabilities, establishing a mature and efficient information security management system based on best practices from domestic and international security standards, including China's Level 3 Information Security Protection Classification certification and ISO27001. Currently, the Group's information security systems have attained Level 3 Security Protection Classification certification, with coverage extending across all business operations; and undergo at least one external independent information security audit annually. The Group continuously optimizes security risk control measures to comprehensively safeguard the security and compliance of both corporate and customer data.

The Group continuously refines its data security protection framework and enhances operational compliance through measures such as implementing data security classification, strengthening information system infrastructure, and optimizing user access permissions. These efforts aim to elevate information security management standards and minimize the likelihood of security incidents such as data breaches. The Group implements the following measures to strengthen data security and user privacy protection:

Data Security Classification	Establishes data classification and categorization mechanisms based on importance and sensitivity levels, defining clear management responsibilities and protection requirements for each data type. Implements corresponding security controls tailored to different data classification levels.
Data Security Defense System	Develops comprehensive intrusion monitoring and defense systems with prompt response capabilities for potential attacks. Conducts regular security assessments of system infrastructure environments to identify and address potential threats, thereby reducing overall information security risks; implements proactive and adaptive network security controls across all business systems, enhancing information security capabilities in emerging technology environments.
Data Access and Acquisition Controls	Utilizes dynamically generated QR codes for real-time member information entry and queries, preventing unauthorized access and tampering; strictly limits access to and use of consumer personal information through technical measures including access control, identity authentication, log tracking, authorization workflows, data masking, encrypted storage and retrieval; leverages a zero-trust platform to centrally manage internal employee authentication, access control, data masking, and sensitive operations auditing, effectively preventing data leakage.
Data Security Emergency Response Mechanism	The Group has developed and implemented *Information Security Incident Emergency Response Protocols* that establish structured response procedures based on security incident severity classifications. Emergency response plans and incident management mechanisms for data breaches are regularly updated to enhance detection and resolution capabilities for unexpected security events.

Advanced Technical Measures for Privacy Protection	The Group has established a multi-dimensional defense-in-depth architecture to counter sophisticated and evolving cybersecurity threats. At the client level, HTTPS encryption protocols are employed with hybrid encryption and multiple encoding obfuscation techniques for data exchange, while sensitive information is displayed only after appropriate data masking; at the network layer, IP and port-based access control firewalls are deployed, complemented by Alibaba Cloud Web Application Firewall (WAF) at the system service layer; at the host level, Host-based Intrusion Detection Systems (HIDS) are implemented; alongside additional security protection and monitoring measures. The Group implements comprehensive security management throughout the software development lifecycle to ensure robust application security (for apps, mini-programs, etc.). During the requirements phase, security assessments determine whether product specifications comply with national and corporate information security standards, with non-compliant requirements being rejected, returned for revision, or abandoned; during the architecture phase, security evaluations and hardening of technology stacks and system designs are conducted; during the coding phase, extensive white-box auditing (including automated scanning and manual review), testing, and reinforcement of project code are performed; prior to deployment, black-box penetration testing (including automated scanning and simulated manual hacking attacks) verifies system security; following deployment, security testing in collaboration with external security organizations ensures continuous protection throughout the application lifecycle.

Additionally, to ensure compliant handling of consumer privacy data with appropriate institutional safeguards, the Group has established a unified Privacy Statement applicable across all business lines and covering all products and service scenarios. This statement clearly informs consumers of their legal rights regarding access to, correction and deletion of personal information, and withdrawal of consent, effectively protecting consumers' rights to information and choice. The Group applies the "principle of minimum necessity" in information management, ensuring that consumer personal data is never rented, sold, or disclosed to any third-party organization, institution, or individual without authorization except as required for service provision. This approach guarantees that personal information processing maintains clear purposes, controlled scope, and regulatory compliance. This financial year, the Group revised its *Privacy Statement* to include management requirements for user-generated content created with emerging technologies such as deep learning, virtual reality, and generative artificial intelligence (AI) in community applications. These updates effectively mitigate information security and compliance risks associated with new technological applications.

The Group emphasizes employees' foundational role in maintaining information security and privacy protection frameworks. All customer service employees are required to sign a *Consumer Privacy Protection Agreement*, explicitly committing not to disclose consumers' personal identifying information without proper authorization. At the same time, consumer information confidentiality requirements are extensively communicated to all employees (including both permanent staff and outsourced workers) to ensure thorough understanding and strict adherence, thereby safeguarding user personal data security. The Group continually strengthens its information security culture and refines its training framework. During this financial year, online information security awareness training and assessments were delivered to all 27,279 employees (including both permanent and outsourced staff). Through video courses and interactive questionnaires, the initiative enhanced employee understanding and practical application of core information security principles.

Furthermore, the Group implements rigorous information security management requirements in collaborations with brand partners and other third-party business associates. Prior to initiating partnerships, all parties must execute comprehensive confidentiality agreements that clearly stipulate data processing standards and security obligations. The Group requires third parties to adhere to compliance protocols such as the Privacy Statement and implement technical measures including data masking and encrypted transmission. These practices substantively enhance data processing security and privacy, mitigating information breach risks at their source while establishing a comprehensive data security assurance mechanism.

03

Mutually Forge the Green Ecosystem as One

— Building a Low-Carbon Value Chain with Partners

The Group adheres to the core concepts of green development and low-carbon operations. Based on comprehensively advancing green operation practices, it actively engages upstream and downstream partners in the industry chain to jointly address climate change challenges, and continuously improves the green low-carbon ecological system covering the entire industry chain through deeply expanding application scenarios of sustainable materials.

ESG Topics Covered in this Chapter

Green Store Operations
Packaging Material Usage
Waste Management
Climate Change Response
Energy Consumption and Resource Utilization
Responsible Procurement
Supplier Management

SDGs Responded in This Chapter

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

3.1 Energy Conservation and Consumption Reduction Actions

The Group adheres strictly to relevant legislative frameworks including *the Environmental Protection Law, the Law on Prevention and Control of Environmental Pollution by Solid Waste*, and *the Energy Conservation Law of the People's Republic of China*. Internal environmental governance protocols have been established and implemented, including *ESG Environmental Protection and Energy Conservation Management, Waste Treatment, and Fire Safety Measures*, which clearly define environmental management objectives for energy conservation, emission reduction, waste minimization, and water conservation. The Group rigorously implements energy conservation and consumption reduction initiatives across retail stores, logistics warehousing, and administrative operations, continuously enhancing the monitoring and control of environmental management performance. Recognizing that environmental protection requires collaborative efforts throughout the value chain, the Group actively encourages suppliers to explore innovative approaches to energy conservation and emission reduction during both upstream manufacturing and downstream product usage phases. This collaborative approach extends to practical implementation and market promotion initiatives. Throughout this financial year, the Group has remained steadfast in its commitment to sustainable development principles, increasing investments in human capital and resources for energy conservation and consumption reduction. These efforts encompass store energy efficiency renovations, green logistics initiatives, low-carbon operational practices, and supplier engagement in energy and emissions reduction programs. No incidents of non-compliance with environmental protection regulations occurred during this period.

Energy, Water, and Waste Management Goals		Progress
Energy Conservation	Actively explore energy-saving technologies and low-energy, sustainable operation models, vigorously promote green operations and office work; improve energy use efficiency, encourage green travel, and reduce greenhouse gas emissions.	In this financial year, the Group's direct energy consumption was 822.04 MWh, a decrease of 3.4% compared to the previous financial year.
Waste Reduction	Advocate waste sorting, implement paperless office; improve the reuse rate of office supplies and packaging materials, strengthen awareness of resource recycling, and reduce waste generation.	Increased employee participation in recycling initiatives across the organization.
Water Conservation	Strengthen daily maintenance and management of water facilities and equipment, implement water-saving measures; cultivate employees' water-saving awareness, and use water resources reasonably.	In this financial year, the Group's water consumption was 13,270.71 cubic meters, a decrease of 14.0% compared to the previous financial year.

Green Stores

The Group advances energy conservation and consumption reduction initiatives across all retail locations, continually exploring green transformation pathways and innovative operational models within store environments. Throughout this financial year, the Group has implemented multiple measures across its entire store network, including energy management systems, sustainable design and renovation practices, and packaging material optimization. These efforts reflect the Group's commitment to integrating low-carbon and environmentally responsible principles into daily retail operations.

Store Energy Management	• Established comprehensive electricity usage guidelines for stores, mandating needs-based consumption and prohibiting unnecessary prolonged lighting; implemented "lights off when unoccupied" protocols, fostering employee habits of switching off power sources when not in use; adapted electricity usage based on weather conditions to prevent wastage; • Continued systematic optimization and upgrades of store lighting infrastructure. By the end of this financial year, over 85% of stores have transitioned to energy-efficient LED lighting fixtures, achieving enhanced energy utilization efficiency.
Packaging and Material Management	✓ All directly operated stores nationwide have standardized the use of shopping bags manufactured from 100% biodegradable virgin wood pulp kraft paper; ✓ Developed a proprietary paper bag management system that accurately forecasts usage requirements, enabling effective source-level control of inventory-to-sales ratios, preventing excess inventory accumulation, and reducing resource waste; ✓ Precisely captured packaging dimension data across product categories to scientifically optimize online shipping materials, achieving optimal alignment between packaging materials and product dimensions, effectively implementing packaging minimization strategies.

For new store openings, the Group continually explores innovative approaches to layout design, eco-friendly material applications, and recycling initiatives. Working collaboratively with brand partners, the Group optimizes construction methodologies for new retail spaces, establishing fresh standards in sustainable retail practices.

Case Study Topsports Store Achieves First LEED Gold Certification

This financial year, the Wuhan SKP adidas HALO concept store—developed through collaboration between the Group and adidas—achieved Leadership in Energy and Environmental Design (LEED) Gold certification. With a spatial design concept inspired by converging rivers, sustainability principles were integrated from the initial design phase. Through extensive implementation of eco-friendly building materials, development of energy-efficient systems, and incorporation of green construction practices throughout the building process, the store fulfills comprehensive environmental commitments while creating a premium and comfortable shopping environment for consumers.

Topsports Wuhan SKP adidas HALO Concept Store

Leadership in Energy and Environmental Design (LEED) Gold Certification

Case Study Eco-friendly Tea Brick Materials Create Immersive Retail Environments

This financial year, the Topsports Hangzhou JORDAN WORLD OF FLIGHT store incorporated an innovative sustainable building material in its renovation—eco-friendly tea bricks composed of 40% recycled tea leaves and 60% fiber and cement. This novel material transforms tea waste into brick textures through mechanical compression technology, representing a sustainable conversion from household waste to construction material. The application creates a distinctive atmosphere that harmonizes natural elements with urban cultural aesthetics while establishing an environmentally responsible retail environment.

Topsports Hangzhou JORDAN WORLD OF FLIGHT store featuring eco-friendly tea brick materials

Green Logistics

The Group continues to strengthen collaborative partnerships with logistics providers, focusing on green warehousing, sustainable packaging, and eco-friendly transportation. Comprehensive initiatives include energy-efficient warehouse facility upgrades, implementation of sustainable packaging materials, and development of new energy vehicle fleets. These diverse measures aim to reduce carbon footprints throughout product storage and distribution processes, advancing the Group's progress in sustainable logistics development. During this financial year, management initiatives implemented jointly with logistics partners to advance green logistics include, but are not limited to:

- **Green Warehousing:** Encourages and supports suppliers to actively carry out innovative practices to improve energy efficiency, proactively explore clean energy application scenarios, continuously expand full coverage of warehouse rooftop photovoltaics, and reduce energy consumption and carbon emissions in the warehousing segment. During this financial year, warehousing centers in Chengdu, Wuxi, and Huizhou upgraded to motion-activated lighting systems in mezzanine picking aisles. These systems activate when employees are present and enter standby mode when areas are unoccupied, achieving energy savings exceeding 40%.

Warehouse motion sensor lighting installation

- **Green Packaging:** Works with logistics suppliers to continuously implement packaging reduction, standardization, and recycling. On one front, actively implementing reusable transport packaging solutions, such as repurposing used cartons, significantly reducing resource consumption. On another front, utilizing systems that precisely calculate product and packaging material dimensions to intelligently recommend optimal container sizes during fulfillment processes based on actual product volumes, maximizing packaging resource efficiency.

- **Green Transportation:** Closely collaborating with logistics providers to increase the proportion of new energy vehicles in distribution operations, enhancing vehicle dispatch management and load optimization, continuously refining transportation capacity and routing, and promoting low-carbon transportation solutions.

Green Office

The Group embraces sustainability principles by integrating green and low-carbon concepts throughout its office operations. Through rigorous conservation practices and enhanced resource efficiency initiatives, the Group actively explores energy conservation and emissions reduction opportunities. These efforts strengthen corporate environmental management capabilities while contributing to the development of a resource-efficient and environmentally responsible society.

During this financial year, the Group's sustainable office initiatives included, but were not limited to:

Water Resources Management	✓ Installed water-efficient faucets and flushing systems to improve water efficiency and enable intensive water resource utilization; ✓ Conducted regular inspections of water pipes and related equipment in office areas, promptly repairing leaks to prevent water waste;
Electricity and Energy Management	✓ Promoted the use of LED lighting and other energy-efficient illumination equipment to continuously reduce office energy consumption; ✓ Prioritized procurement of energy-certified computers, printers, and other office equipment, while optimizing equipment quantities to reduce standby and idle operation time; ✓ Set appropriate air conditioning temperatures to avoid excessive cooling or heating.
Green Transportation	✓ Improved business vehicle management mechanisms, strictly controlling vehicle allocation and utilization efficiency, while promoting the replacement of older vehicles with energy-efficient models; ✓ Advocated for online meetings and conference calls to reduce carbon emissions from business travel; ✓ Encouraged employees to use public transportation and practice low-carbon lifestyles.

Office Supplies Management	✓ Implemented a needs-based office supply system with standardized procurement processes, encouraging reuse to improve resource utilization efficiency; ✓ Actively promoted paperless office practices, prioritizing electronic documents over paper materials to reduce paper consumption; ✓ Advocated double-sided printing and paper reuse to further reduce paper waste.
Conservation Awareness Building	✓ Guided employees to strengthen awareness of resource conservation and green office practices through internal communications, training, and demonstration of best practices; ✓ Established incentive mechanisms to recognize employees with outstanding performance in resource conservation, enhancing participation and creating a sustainable office environment.

Waste Management

The Group adheres rigorously to relevant legislation including the *Law on Prevention and Control of Environmental Pollution by Solid Waste*, while actively implementing the national *14th Five-Year Plan for Urban Waste Classification and Treatment Facility Development*. Guided by principles of "reduction, resource utilization, and harm minimization," the Group systematically advances standardized waste management practices, conducts methodical waste recovery, promotes and implements waste segregation, and facilitates resource circularity.

Waste generated through the Group's operations falls into two primary categories: non-hazardous waste, predominantly consisting of office-generated materials such as waste paper and cardboard packaging; and hazardous waste, comprising items with potential contamination risks, particularly spent ink cartridges and toner units. The Group employs tiered classification management for different waste streams, establishing prominent disposal guidance signage, defining clear collection and processing protocols, and ensuring compliant and secure waste handling. These measures minimize environmental impact and demonstrate the Group's commitment to environmental stewardship.

Non-hazardous Waste	Designated segregated collection receptacles are positioned throughout office environments with clear waste stream identification, encouraging employee compliance with classification protocols. Following centralized collection, routine office and general waste is transferred to certified third-party processors, ensuring treatment processes meet safety and regulatory requirements.
Hazardous Waste	For potentially hazardous items such as spent ink and toner cartridges, the Group prioritizes reuse initiatives to extend operational lifecycles. Materials that cannot be repurposed undergo segregated collection and are processed by authorized specialist contractors in accordance with environmental protection standards, preventing pollution risks.
Recyclable Waste	Recyclable materials including paper waste and obsolete office supplies are managed through segregated collection systems and regularly transferred to recycling facilities for processing and reuse, enhancing material circularity and resource recovery efficiency.

3.2 Climate Change and Carbon Neutrality

As climate change presents escalating challenges, the transition toward low-carbon operations has become imperative for corporate sustainability. The Group actively aligns with national carbon peaking and carbon neutrality objectives, embedding climate action strategies within its core business development framework. Building on its operational characteristics, the Group references the Task Force on Climate-related Financial Disclosures (TCFD) framework, addressing the four core elements of governance, strategy, risk management, and metrics and targets. This approach enables the identification and assessment of climate-related operational impacts and opportunities, implementation of targeted mitigation measures, and transformation of climate challenges into drivers for high-quality development and enhanced organizational resilience.

Governance

The Group has established a comprehensive ESG governance structure and management system to systematically coordinate and administer key initiatives, including climate response activities. Supported by the ESG Working Group, the Board of Directors and executive management conduct regular assessments of climate-related risks and opportunities. This oversight includes monitoring implementation progress and effectiveness of climate initiatives such as energy conservation, emissions reduction, and sustainable operations. The approach enables timely identification of strategic opportunities arising from climate transition, enriching the Group's sustainability strategy with diverse momentum.

At the operational level, the ESG Working Group employs cross-functional collaboration to implement climate risk management measures throughout business activities. Through rigorous execution of energy conservation and emissions reduction initiatives, the Group achieves closed-loop management from strategic planning through implementation. This approach ensures comprehensive enhancement of ESG and climate governance capabilities, establishing a solid foundation for developing a resilient sustainability ecosystem.

Strategy

Building on its established risk management framework and incorporating external climate risk factors, policy developments, and stakeholder concerns, the Group actively identifies and evaluates climate-related risks and opportunities across short-term (within 1 year), medium-term (1-5 years), and long-term (beyond 5 years) horizons throughout its operations. In conducting comprehensive assessments of climate-related risks and opportunities, the Group thoroughly evaluates impact severity and value chain distribution characteristics. This process identifies potential material climate-related vulnerabilities across operations and informs targeted response measures and transition planning, fostering organizational resilience in addressing climate challenges.

Climate Risk Type		Impact Analysis	Time Frame	Value Chain Impacted	Response Measures
Physical Risks	Chronic Risks	• Increasingly frequent high-temperature conditions adversely affect workforce productivity and pose occupational health and safety concerns, potentially necessitating additional heat-related allowances and elevated healthcare expenditures; • sustained temperature increases may reduce public participation in outdoor activities, subsequently diminishing consumer demand for outdoor equipment and apparel, creating market challenges within the outdoor products sector.	Short-term, Medium-term, Long-term	Operations	✓ Developed comprehensive Store Extreme Weather Emergency Protocols and established a dedicated emergency management command structure to enhance rapid response and coordination capabilities during extreme weather events; ✓ leveraged corporate communication platforms including enterprise WeChat and public accounts to disseminate extreme weather preparedness information, enhancing employee safety awareness;

Climate Risk Type		Impact Analysis	Time Frame	Value Chain Impacted	Response Measures
Physical Risks	Acute Risks	● Heightened severity of extreme weather events including heavy snowfall, typhoons, torrential rain, and flooding presents significant operational disruption risks, potentially damaging infrastructure, equipment, and inventory, resulting in elevated operational costs; ● increased frequency and duration of severe weather incidents may compromise logistics and warehousing stability, potentially damaging distribution infrastructure, disrupting order fulfillment capabilities, and generating revenue shortfalls.	Short-term, Medium-term, Long-term	Operations, Logistics Transportation, Product Sales	✓ reinforced emergency response teams and ensured adequate supplies of essential equipment including ice and water removal tools; maintained continuous weather monitoring systems to track snow and rainfall conditions; implemented targeted operational adjustments based on meteorological forecasts and alerts; ✓ intensified safety hazard identification processes with prompt deployment of employees to clear accumulated water and snow from retail locations and surrounding areas; implemented protective measures for utilities and equipment to prevent incidents resulting from extreme temperatures or water infiltration; ✓ maintained proactive communication with logistics partners during weather events, implementing flexible contingency transportation arrangements to safeguard timely product delivery.

Climate Risk Type		Impact Analysis	Time Frame	Value Chain Impacted	Response Measures
Transition Risks	Policy and Regulatory Risks	● Accelerated implementation of stringent governmental green transition policies and heightened regulatory oversight may significantly impact the Group's operational model while increasing expenditures related to environmental compliance and emissions reduction initiatives; ● evolving regulatory frameworks surrounding climate-related disclosures impose enhanced corporate carbon emissions reporting requirements, necessitating optimization of the Group's emissions data management and disclosure systems, potentially increasing associated administrative costs.	Short-term, Medium-term, Long-term	Operations	✓ Maintained vigilant monitoring of climate policy developments, conducted comprehensive analysis of implemented regulations, tracked domestic legislative advancements and international industry standards, and proactively developed strategic positioning in response to evolving internal and external conditions; ✓ continuously refined and strengthened ESG and climate response management systems while enhancing engagement with regulatory authorities; remained attentive to and promptly addressed disclosure requirements, further elevating reporting quality and transparency.
	Market Risks	● As public environmental consciousness continues to strengthen, consumer preferences are undergoing fundamental transformation, with escalating interest in and expectations for sustainable products and services. Failure to effectively identify and respond to growing consumer demand for environmentally responsible offerings and promptly drive product and service innovation toward sustainability could potentially erode market share.	Short-term, Medium-term, Long-term	Operations, Product Sales	✓ Closely monitored consumer expectations for products and services in terms of green, low-carbon, and sustainability, with green low-carbon environmental management design in stores, and explored innovative publicity models. ✓ Continuously explored product and service transformation to address growing consumer sustainability demands.

Type of Climate-Related Opportunity	Opportunity Analysis	Time Frame	Value Chain Impacted	Response Measures
Development/Expansion of Green Products and Services	From a market perspective, as climate considerations increasingly dominate cross-sector discourse, the Group's brand partners and end consumers are pivoting toward low-carbon service preferences and environmentally responsible product offerings. Proactive alignment with sustainability-focused customer demands strengthens the Group's competitive positioning and brand equity among both manufacturers and consumers, catalyzing new business development opportunities.	Short-term, Medium-term, Long-term	Product Sales	Collaborated with brand partners to orchestrate eco-themed marketing initiatives across retail locations, highlighting distinctive sustainability features of partner product lines. These programs simultaneously strengthened brand partnerships while employing innovative promotional approaches to enhance consumer awareness and purchase intent for environmentally responsible products, stimulating broader sustainable consumption patterns.

Risk Management

The Group has integrated climate considerations into its established risk management architecture. Through comprehensive analysis of operational characteristics, the Group evaluates how physical and transition climate risks impact core business activities. This assessment methodology—examining both probability and severity—enables identification of material climate exposures and strategic opportunities. Building on robust risk identification and analysis, the Group develops and implements targeted response strategies with continuous oversight from the ESG Working Group. This approach enables dynamic refinement of intervention efficacy while progressively strengthening organizational resilience, establishing a solid foundation for sustainable growth.

Climate Risk Identification

- Systematically mapped and prioritized potential vulnerability points based on macroeconomic policy directions, industry regulatory trends, stakeholder requirements, and compliance standards.

Analysis and Evaluation

- Conducted comprehensive probability and impact assessments to precisely identify material physical and transition climate risks with substantial implications for business development.

Risk Response

- Leveraging climate risk assessment outcomes, the Group formulated science-based risk management strategies that balance revenue potential, reputational considerations, and corporate responsibility imperatives to safeguard operational stability and long-term sustainability.

Monitoring and Improvement

- Implemented systematic monitoring and management protocols to advance climate risk mitigation initiatives, iteratively enhancing control mechanisms through operational integration to strengthen organizational resilience.

Metrics and Targets

To enhance climate risk management capabilities and opportunity conversion potential, the Group has established emissions reduction targets, actively explores decarbonization pathways, and drives carbon reduction initiatives across its operations and throughout the value chain. To strengthen climate risk management and opportunity conversion capabilities, the Group has established emission reduction targets, actively explores carbon reduction pathways, and promotes decarbonization actions across its operations and throughout the value chain.

Carbon Reduction Target

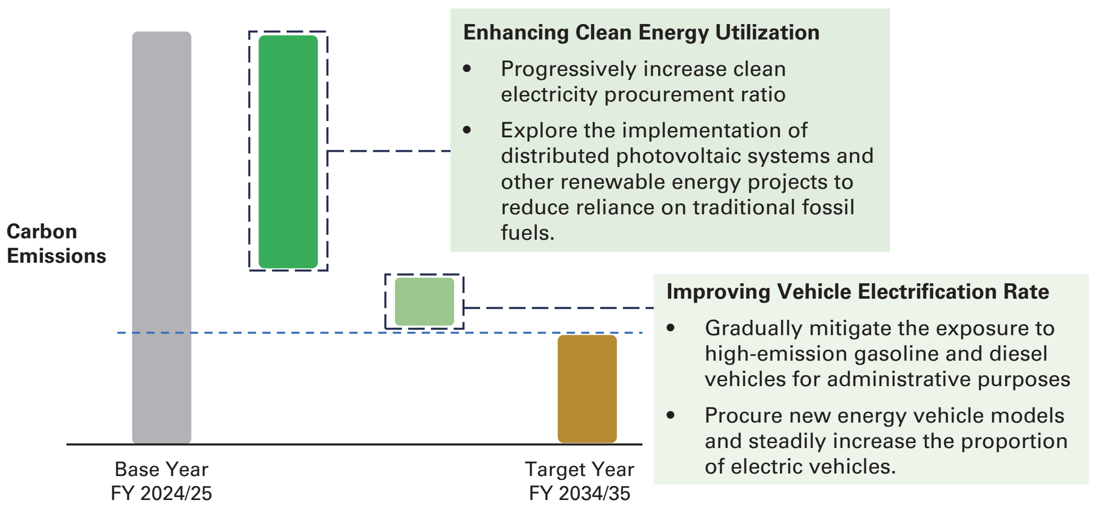
40.2% reduction in absolute Scope 1 and Scope 2 GHG emissions by FY2034/35 (from FY2024/25 baseline)

Recognizing that the Group's operational greenhouse gas emissions primarily derive from office-related energy consumption, emissions reduction strategies will focus on enhancing energy efficiency, expanding clean energy adoption, and transitioning away from fossil fuel-powered vehicles. The comprehensive decarbonization roadmap includes:

- **Clean Energy Transition:** Systematically increasing clean electricity procurement proportions annually in alignment with operational capabilities; explore the implementation of distributed photovoltaic and other renewable energy projects; progressively reduce dependence on traditional fossil energy; and systematically advance the green transformation of the energy structure.

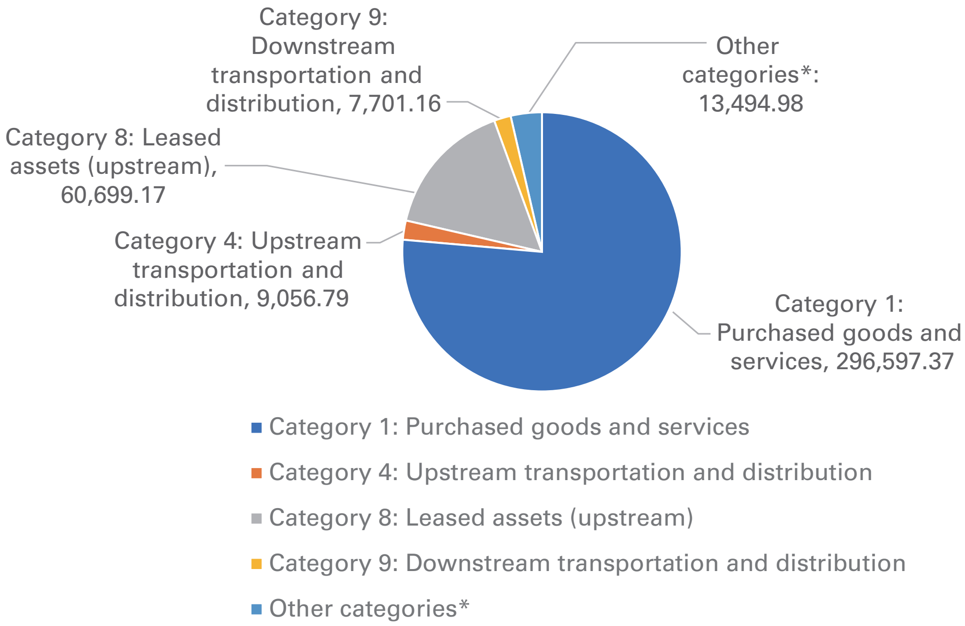
- **Promoting vehicle electrification:** Gradually mitigate the exposure to high-emission gasoline and diesel vehicles used for administrative purposes by purchasing new energy vehicle models, thereby progressively increasing the proportion of electric vehicles.

Scope 1 and Scope 2 Emission Reduction Pathway



Moreover, the Group acknowledges that carbon emissions produced throughout the value chain are crucial factors influencing the attainment of overall sustainability objectives. In the current financial year, the Group has initiated its first greenhouse gas Scope 3 inventory, gradually sorting and analyzing the carbon emission characteristics and main sources across various stages of the value chain, while exploring emission reduction potential throughout upstream and downstream operations.

Scope 3 emissions for FY 2024/25 (Unit: tCO_2e)



* Other categories include: Category 2 Capital goods, Category 3 Fuel and energy-related activities (not included in Scope 1 or 2), Category 5 Waste generated in operations, Category 6 Business travel, Category 7 Employee commuting, Category 8 Upstream leased assets, and Category 12 End-of-life treatment of sold products. For detailed Scope 3 emissions data by category and explanations, please refer to Appendix I: ESG Key Performance Indicators Table in this report.

3.3 Supply Chain Management and Collaboration

Building a responsible, efficient, and eco-friendly supply chain system is essential for achieving the Group's sustainable development strategy. The Group continuously refines supplier qualification criteria and assessment frameworks, driving standardization and precision throughout supply chain management processes while maintaining rigorous quality control protocols. Simultaneously, the Group intensifies supplier compliance oversight, actively guiding partners to mitigate potential environmental and social impacts throughout their operations. Through collaborative engagement with brand partners and value chain stakeholders, the Group works to cultivate a sustainable and mutually beneficial supply chain ecosystem.

Raw Material Procurement

The Group has established a *Supplier Code of Conduct* that explicitly defines responsible sourcing requirements, ensuring all products originate from compliant and sustainable procurement channels; actively champions ethical procurement and environmental stewardship principles, guiding brand partners and suppliers in fulfilling their sustainability responsibilities while collectively advancing an environmentally conscious supply chain that delivers products combining premium quality with ecological value. Building on this foundation, the Group continuously expands investment in sustainable material procurement while maintaining robust dialogue with suppliers and brand partners to jointly explore viable green sourcing pathways. This approach aims to reduce environmental footprints at product origin while contributing to the development of a low-carbon supply network. During this financial year, the Group sourced environmentally responsible products from more than 50% of its brand partners.

The Group continuously monitors and optimizes sustainable procurement practices for critical raw materials including leather and cotton, encouraging suppliers to implement origin traceability systems with supporting documentation. Aligned with business requirements, the Group plans to expand procurement of origin-traceable products through brand partnerships. The Group encourages suppliers to broaden their sustainable leather and cotton sourcing portfolios while continuously introducing additional products certified by independent third-party verification authorities. In leather sourcing, over 99% of materials utilized by one of the Group's primary brand partners undergo Leather Working Group (LWG) protocol verification, complemented by a commitment to achieve deforestation-free and conversion-free leather supply chains by 2030. Looking ahead, the Group will develop and potentially expand recycled cotton procurement roadmaps based on operational requirements while advocating for supplier adoption of renewable cotton inputs to promote textile alternatives with reduced environmental impacts.

Carbon Footprint Management

The Group leverages carbon footprint management as a strategic catalyst for value chain transformation, intensifying collaborative partnerships with suppliers to optimize environmentally responsible product portfolios and expand high-quality, low-carbon offerings for consumers. The Group maintains systematic monitoring of core supplier energy performance metrics while reserving the right to require annual data submission. Particular attention is directed toward logistics-related emissions, with suppliers actively encouraged to provide comprehensive documentation including electricity meter readings and fuel consumption records. Concurrently, the Group advocates for and supports regular supplier publication of environmental performance reports to enhance transparency throughout the value chain and strengthen environmental governance capabilities.

In upstream operations, a key brand partner achieved a 500,000-metric-ton reduction in raw material emissions during FY2023 through expanded utilization of Environmentally Preferred Materials, marking substantial progress from 2015 baseline levels; this partner has progressively eliminated coal from manufacturing processes while increasing renewable energy integration, resulting in a 3% year-over-year reduction in product-level emissions during FY2023. Additionally, another brand partner has pioneered innovative material applications in its norda™ 001 running shoes, incorporating bio-based Dyneema® fiber with Bluesign® and ISCC certifications, manufactured using renewable feedstocks through mass balance methodology. Dyneema® delivers the lowest carbon footprint among high-performance fibers, with 75% of manufacturing energy derived from renewable sources—equivalent to eliminating emissions from 13,000 vehicles.

Furthermore, in pursuit of value chain decarbonization objectives, the Group is actively implementing and operationalizing low-carbon development pathways. Guided by the *Supplier Code of Conduct*, the Group promotes independent emissions reduction initiatives among suppliers while collaborating with strategic partners to explore and achieve comprehensive environmental targets. The Group encourages operational enhancements including increased incorporation of sustainable materials, water conservation measures, and improved waste recovery processes to collectively advance value chain carbon neutrality ambitions.

As of the end of this financial year, the Group reports:

Over **70%** of brand partners or their parent groups have established carbon reduction targets;

Over **50%** of brand partners or their parent groups have set carbon neutrality targets by 2050.

Supplier Qualification and Assessment

The Group strictly adheres to the *Bidding Law of the People's Republic of China*, the *Government Procurement Law of the People's Republic of China*, and other relevant laws and regulations. The Group has established and implemented management systems such as the *Supplier Code of Conduct and Supply Chain Management Measures and Assessment Processes*, integrating compliance operations and sustainable development principles throughout the entire supply chain management process. The Group adheres to the core principles of "optimal selection, superior quality, and effectiveness." It thoroughly assesses suppliers' ability to meet commitments, clearly outlines responsible sourcing requirements, ensures all products are sourced responsibly, and collaborates to create a green and sustainable supply chain ecosystem.

Supplier Qualification Mechanism	When selecting potential suppliers, the Group conducts preliminary screenings across multiple dimensions, including supplier qualification certification, corporate creditworthiness, material quality, price levels, delivery timeliness, and overall service standards. Under equal conditions, preference is given to suppliers with environmental certification.
Supplier Assessment Mechanism	The Group employs a combination of real-time assessment and seasonal evaluation (spring/summer & fall/winter product seasons) to comprehensively assess supplier performance based on five core principles: "quality, cost, delivery, service, and quick response". To enhance resilience in sustainable supply chain development, the Group integrates suppliers' management performance in environmental protection and anti-fraud measures into the selection and audit process, thoroughly assessing and overseeing suppliers' ESG performance.

To foster a fair and transparent business environment, the Group actively advances the development of supply chain integrity systems. Suppliers are required to sign an *Integrity Commitment Letter*, and they are encouraged to implement anti-corruption policies that ensure ethical conduct throughout the collaboration process. For any violations that occur during procurement and cooperation, the Group takes a serious stance, imposing penalties on violators or terminating their eligibility for cooperation in accordance with relevant regulations. By the end of this financial year, 100% of the Group's suppliers have signed the *Integrity Commitment Letter*.

04

Diversity, Equality, Inclusion, and Coexistence

— *Co-creating Diversity and Inclusiveness with Employees*

The Group fundamentally operates on the principle that "talent constitutes our primary resource," implementing scientifically structured recruitment and selection systems, sophisticated differentiated incentive frameworks, and comprehensive development platforms to elevate workforce capabilities; while continuously advancing human resources digitalization initiatives to provide robust talent infrastructure for sustained high-quality growth.

ESG Topics Covered in this Chapter

Employee Recruitment and Team Building
Employee Compensation and Benefits
Equality, Inclusion, and Diversity
Occupational Health and Safety
Employee Training and Development
Protection of Employee Rights

SDGs Responded in This Chapter

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

4.1 Employment Management

Recruitment Management

The Group maintains strict adherence to *the Labor Law of the People's Republic of China* and all relevant jurisdictional regulations throughout its operational territories. Through implementation of comprehensive *Recruitment Management Guidelines* and other institutional frameworks, the Group pursues a results-oriented approach emphasizing efficiency and quality. By strengthening educational partnerships, expanding campus recruitment channels, conducting targeted professional recruitment initiatives, and refining internal advancement pathways—while actively integrating AI-powered talent acquisition tools—the Group continuously enhances its recruitment processes and diversified talent acquisition mechanisms to maximize recruitment effectiveness and provide robust human capital foundations for strategic growth.

Campus Recruitment	The Group maintains an active presence at university recruitment fairs and information sessions nationwide, complemented by digital engagement strategies including livestreamed presentations that align with contemporary market trends while providing students comprehensive insights into organizational opportunities. Through strategic partnerships with over 60 higher education institutions, the Group has established Topsports Talent Reserve Bases and launched the Top Star Program, employing innovative selection methodologies including leaderless group assessments and executive panel interviews to continually enhance both the scope and effectiveness of campus recruitment initiatives.
Social Recruitment	While leveraging established professional recruitment platforms, the Group strategically emphasizes emerging social channels to enhance candidate engagement, simultaneously elevating the recruitment experience and reinforcing employer brand positioning while ensuring precise talent matching; capitalizing on its robust internal talent database to activate existing resources and continuously optimize workforce composition.

In internal talent development, the Group has implemented strategic initiatives including the Pulse Plan and Dynamic Flow Program to ensure focused attention on mid-to-senior leadership selection and mobility, effectively enhancing stability and vitality across key positions and core management teams. During the current financial year, national management vacancies and strategic retail location staffing have prioritized blended internal-external recruitment approaches across hundreds of positions nationwide, creating diversified development pathways for employees.

Equality, Inclusion, and Diversity

The Group strictly complies with the provisions of *the Labor Law of the People's Republic of China and the Regulations on the Prohibition of Child Labor,* while rigorously referencing and adhering to the content of international human rights conventions such as *the UN Guiding Principles on Business and Human Rights and the Convention on the Elimination of All Forms of Discrimination Against Women.* Through development and implementation of comprehensive Personnel Management Guidelines and related governance frameworks, the Group ensures fairness and equity throughout all recruitment, employment, and management practices. The Group comprehensively standardizes employee recruitment, employment management, and termination processes, and publicly discloses the "Employee Rights Policy" on its official website, respecting the rights and dignity of every employee.

Recruitment	The Group's *Recruitment Management Guidelines* explicitly define recruitment protocols, processes, and standards, categorically prohibiting job postings from specifying gender, ethnicity, or physical capability requirements. This framework systematically eliminates potential employment discrimination and ensures recruitment practices remain legally compliant while upholding principles of equality and fairness. The Group champions workforce diversity, actively welcoming qualified candidates from varied backgrounds to contribute to and develop alongside organizational growth; and proactively employs persons with disabilities in appropriate roles, creating equitable employment opportunities free from discriminatory barriers. Furthermore, the Group maintains a zero-tolerance policy regarding child employment and exploitation throughout all operational sites and work processes, ensuring comprehensive compliance with International Labour Organization definitions and regulations concerning child labor. Furthermore, the Group maintains a zero-tolerance policy regarding child employment and exploitation throughout all operational sites and work processes, ensuring comprehensive compliance with International Labour Organization definitions and regulations concerning child labor. No incidents of child labor occurred within the Group during the current financial year.

Employment	The Group maintains formalized contractual agreements with all employees according to employment classification, prohibits all forms of forced labor and rights infringements, disallows mandatory overtime requirements, and maintains comprehensive overtime documentation to ensure equitable calculation of compensatory time and overtime remuneration, thereby fully safeguarding employees' legitimate rights. No incidents of forced labor occurred within the Group during the current financial year.
Employment Termination and Dissolution	The Group fully respects employees' freedom of choice regarding employment continuity. In accordance with provisions outlined in the Employee Rights Policy and formalized in contractual agreements, employees retain the right to terminate employment following reasonable notice periods.

Concurrently, the Group upholds principles of diversity, equality, and inclusion, actively fostering workplace inclusivity and cultivating a diverse talent ecosystem. The organization strictly prohibits differential treatment or discrimination based on ethnicity, age, gender, health status, marriage status, or religious belief. All employment decisions—including compensation, advancement, transfers, disciplinary actions, and separations—remain independent of these personal characteristics. During the current financial year, women comprised 83.0% of the Group's workforce, held 50.3% of management positions, and represented 34.8% of executive leadership; while ethnic minority employees numbered approximately 1,500, constituting over 5% of total employees.

4.2 Development and Training

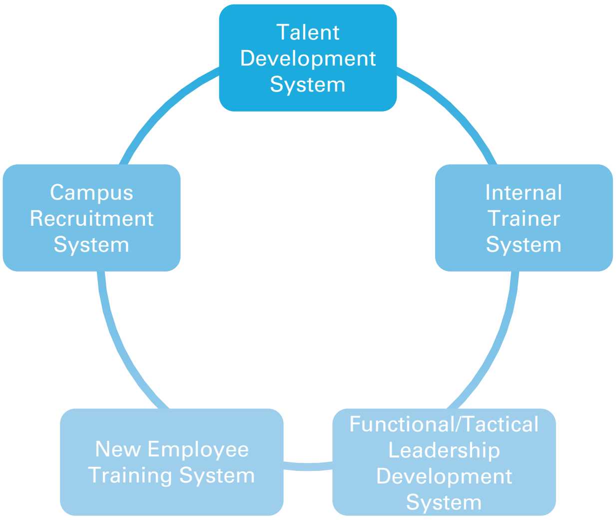
Performance Evaluation and Promotion

The Group places paramount importance on employee development, implementing a comprehensive *Position Advancement Framework* that establishes universal performance evaluation mechanisms, transparent promotion pathways, and scientifically structured role management systems—creating expansive growth opportunities for high-performing employees. Through systematic Key Performance Indicator (KPI) assessment methodologies, the Group evaluates multiple dimensions including performance contribution, competency development, and communication effectiveness. This approach creates direct linkage between individual achievement and financial incentives, catalyzing employee engagement and performance motivation.

Additionally, the Group has implemented a sophisticated career development points system assessing retail talent across five critical dimensions: performance drivers, customer engagement, service excellence, employee experience, and merchandising operations. This framework guides promotion decisions while providing employees clear developmental trajectories, fostering a virtuous cycle between individual capability enhancement and operational excellence—ultimately creating mutual benefit between career advancement and organizational performance.

Training and Development

The Group embraces a business-centric talent development philosophy, continuously refining its training architecture to comprehensively enhance professional competencies and integrated capabilities, driving continuous workforce optimization to meet long-term organizational growth requirements. During this financial year, the Group further optimized its talent cultivation mechanisms guided by principles of standardization and precision enablement. This initiative established five integrated systems spanning the complete talent lifecycle: comprehensive development frameworks, internal trainer certification, functional leadership pipelines, onboarding methodologies, and campus recruitment processes—delivering robust talent foundations and organizational assurance for business growth.



The Group implements systematic talent development initiatives through ongoing programs including comprehensive onboarding, Topsports Academy digital learning platforms, and internal trainer certification. These foundational programs integrate scientific evaluation mechanisms with regular effectiveness tracking to enhance professional capabilities, optimize workforce quality, and support long-term organizational requirements. During this financial year, the Group delivered approximately 500 digital learning initiatives and 230 in-person training events, accumulating over 2,660,000 learning hours with coverage exceeding 95% of employee.

New Employee Onboarding

- Corporate Headquarters:
  The Group has implemented a structured onboarding architecture with systematically designed curriculum pathways spanning from day one through the initial six-month employment period. This strategically phased approach utilizes targeted methodologies including interactive sessions, mentorship, and experiential learning to accelerate integration and productivity. During the current financial year, the Group conducted 36 comprehensive onboarding cohorts, successfully integrating over 140 functional employee.

- Regional Stores:
  The Group has developed a comprehensive retail development curriculum mapping clear progression from sales associate through shift leader/merchandising specialist to store management and retail leadership roles. This structured framework (Curriculum System 1.0) establishes transparent career pathways with precise learning objectives for frontline employee.

Topsports Academy Digital Learning Ecosystem	During this financial year, the Topsports Academy digital learning platform continued its strategic focus on curriculum architecture and platform optimization, providing critical infrastructure for talent pipeline development and organizational capability enhancement. Operational metrics reflect robust engagement with over 3.2 million active learning sessions and 26,000 unique active users—representing 25% year-over-year growth. Content development initiatives focused on internal knowledge capture and resource diversification, expanding the platform catalog to 5,740 distinct courses—a 63% year-over-year increase; while total learning engagement time exceeded 470,000 hours, representing 109.5% year-over-year growth.
Internal Trainers	During this financial year, the Group strategically enhanced its talent enablement architecture by implementing a three-tiered internal trainer progression framework (Junior-Intermediate-Senior) supported by a four-phase development methodology encompassing rigorous selection, intensive capability building, practical application, and structured reflection. The Group launched its Torch Program for internal trainer cultivation, requiring candidates to successfully navigate dual certification requirements—curriculum development defense and simulated instructional assessment. This initiative yielded 90 newly certified trainers who collectively developed over 100 proprietary learning modules.

Leadership excellence serves as the fundamental catalyst for organizational transformation and strategic achievement. The Group consistently positions leadership development as the cornerstone of its talent strategy, implementing systematic, progressive development pathways designed to cultivate high-caliber management succession pipelines characterized by professional excellence. Throughout the financial year, the Group conducted nearly 50 leadership development initiatives—including the Functional Executive Sword Sharpening Program, Leadership Forge Initiative, Four-Star Operations Leadership Training, and Five-Star Leadership Excellence curriculum—engaging approximately 3,000 participants.

Case Study Four-Star Operations Leadership Program – Validating Talent Impact Through Business Outcomes

During the financial year, the Group implemented its Four-Star Operations Leadership initiative targeting retail directors and specialists across four major regional markets. The program employed an integrated action-learning methodology addressing six critical competency dimensions including innovative decision-making and team leadership. This approach encompassed four developmental phases, ten structured learning modules, and nineteen applied business projects—creating seamless integration between theoretical frameworks and operational implementation. Program outcomes yielded exceptional results including five best-practice exemplars—notably the Digital Sales Guidance Framework that reduced new employee onboarding cycles to three days; and culminated in a comprehensive “Best Practices Compendium” providing valuable reference resources for future talent development initiatives.

Four-Star Operations Leadership training session

Case Study Leadership Forge Initiative – Accelerating High-Potential Talent Development

During the financial year, the Group launched its Leadership Forge Initiative targeting 40 high-potential contributors at supervisor level and below across functional departments, strategically developing core talent pipelines for future leadership roles. Based on comprehensive needs assessment and competency modeling, the program precisely addressed capability gaps across systems thinking, planning execution, and managerial mindset dimensions through an innovative 70-20-10 learning architecture (70% experiential application, 20% mentorship, 10% formal instruction). Program outcomes demonstrated significant impact, generating ten specialized learning modules and thirty-one applied projects. Seventeen exceptional participants advanced to the management talent pool, with facilitator effectiveness ratings exceeding 97%.

Leadership Forge Initiative training session

Additionally, the Group actively encourages professional certification and credential attainment through incentive programs designed to support continuous capability development and comprehensive competency enhancement. Learning incentives available to all employee include monetary recognition of RMB 100 upon successful completion of external professional training coursework and certification examinations, with proceeds supporting departmental engagement initiatives. During the financial year, 187 employees successfully completed qualification programs, demonstrating measurable enhancement in professional capabilities and integrated competencies.

4.3 Welfare and Support

Compensation and Benefits

The Group maintains rigorous compliance with relevant legislative frameworks including *the Labor Law of the People's Republic of China, Social Insurance Law, and Housing Provident Fund Regulations.* Through comprehensive *Compensation Management Guidelines*, the organization has established standardized remuneration structures, scientifically calibrated compensation tiers, streamlined calculation processes, and enhanced verification protocols—collectively creating a compensation architecture characterized by equity, transparency, and market competitiveness.

The Group's comprehensive compensation framework—applicable to all employees, including retail staff and management—integrates fixed base compensation with variable performance incentives. Regular adjustments reflecting individual capabilities, experience, and market benchmarks ensure alignment between compensation and professional qualifications. Through ongoing assessment of compensation and benefits structures, the Group continuously enhances both external competitiveness and internal equity, effectively driving increased employee satisfaction and retention. All compensation is disbursed in monetary form, with retail employee variable incentives directly linked to individual sales performance, while management compensation incorporates variable components based on Group financial performance from the preceding financial year.[2]

The Group fulfills statutory obligations by providing the comprehensive "five insurances and one fund" social security package for employees while securing employer liability coverage for interns. Prior to employment commencement, the Group ensures candidates thoroughly understand and accept all terms and conditions of employment, securing mutual protection of rights and interests. When workforce reductions become necessary, the Group maintains strict adherence to applicable regulations while embodying principles of compassionate management. In accordance with the Employee Rights Policy, the Group provides—where circumstances permit—transitional support including career retraining and employment assistance, fulfilling corporate social responsibilities while facilitating smooth career transitions.

[2] Management team includes executive leadership including the Chief Executive Officer, Senior Vice Presidents, and Vice Presidents.

The Group offers position-specific supplementary benefits including telecommunications allowances, meal subsidies, transportation assistance, housing support, and travel reimbursements. Additional provisions include flexible work arrangements, supplementary leave entitlements beyond statutory requirements, and dedicated team-building funds that empower employees to independently organize cohesion-building activities—collectively fostering a flexible and humanized work environment.

Compensation Structure

- Employee compensation includes base salary, performance-based incentives, and benefits
- All employees (including retail store staff and management positions) receive a combination of fixed income and variable performance bonuses

Statutory Benefits

- Mandatory contributions to employee social insurance (pension, medical, maternity, work injury, unemployment) and housing fund
- Statutory annual leave, public holidays, maternity leave, marriage/bereavement leave

Non-statutory Benefits

- Communication, meal, transportation, and housing allowances, business travel subsidies, team budgets, holiday gifts, and birthday presents
- Flexible working hours allowing employees to arrange their schedules while meeting required working hours
- Long-service rewards providing an extra day of annual leave for each year of service after five years (for retail staff)
- Flexible work arrangements, including work-from-home options during special circumstances
- Early release before holidays: Staff may leave early on the last workday before major holidays, providing extra time for travel arrangements.
- Child-at-work program: During school breaks, employees may bring their children to the workplace, provided it doesn't impact productivity or disrupt colleagues.

Health and Safety

The Group consistently adheres to the concept of safe development, following laws and regulations such as *the Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and *the Work Safety Law of the People's Republic of China*. We have formulated and implemented *Fire Fighting and Emergency Evacuation Plans and Extreme Weather Emergency Plans*, and conduct safety hazard investigations, employee health examinations, mental health lectures, and emergency drills to popularize knowledge and skills related to fire prevention, emergency response, evacuation, and electrical safety. These efforts enhance all employees' safety awareness and ability to respond to emergencies, providing a safe working environment.[3]

Work Injury Investigation	The Group has established work injury investigation procedures and continually enhances the requirements for work injury witnesses, certification processes, and supporting documentation to ensure that work injury incidents are managed promptly and accurately.
Safety Education	The Group continuously strengthens employees' awareness of safety risk prevention and improves their ability to respond to work injury incidents through safety education.

Fire drill activity

[3] During this financial year, the Group reported one work-related fatality and a total of 3,563.69 lost workdays due to work-related injuries. The Lost Time Injury Frequency Rate (LTIFR) per million working hours was 0.97 for full-time employees and 1.24 for outsourced employees. No work-related fatalities occurred in the 2022/23 and 2023/24 financial years.

Communication and Care

The Group views employees as its most important strategic partners and is dedicated to building an open, transparent, and efficient two-way communication mechanism. We have established the *Employee Rights Policy*, supporting employees' freedom of association and effectively safeguarding their basic rights to legally participate in collective bargaining and freely express their needs. The Group has established diversified communication mechanisms through channels such as daily work meetings, summary meetings, face-to-face exchanges, online forums, employee bulletin boards, social media platforms, and the "Topsports Academy" cloud classroom system, maintaining regular close contact with employees and actively listening to their voices.

Additionally, the Group periodically conducts employee satisfaction and engagement surveys, continuously monitoring organizational atmosphere and employee needs. These surveys provide data support for human resource management decisions, effectively promoting harmonious development of labor relations, and establishing a solid foundation for achieving the Group's strategic objectives.

At the same time, the Group actively organizes employee care and recreational activities. During major holidays such as Spring Festival, the Group carefully prepares gifts and lottery events to create a warm festive atmosphere. The Group has established fitness facilities for employees' daily exercise and organizes and encourages employees to participate in various cultural and sports activities including basketball, football, badminton, yoga, cycling, and e-sports. These initiatives effectively stimulate employee vitality and team cohesion while promoting employees' physical and mental health, enhancing their quality of life and work efficiency, and contributing to the Group's harmonious development.

New Year kick-off activities and New Year gift packages

Boxing activity

Tennis Community Activity

Climbing Activity

Dragon Boat Festival Activity

05

Plant for a Better Community and Support to Public Welfare

— Building a Shared Prosperity Circle with Society

The Group actively fulfills its corporate social responsibility by building a sustainable development ecosystem through innovative public welfare projects. While enriching the public's sports experience, we convey the sustainable development concept of "Sports + Environmental Protection," establishing deep resonance with consumers at the level of sustainable development values.

ESG Topics Covered in this Chapter

Social Public Welfare and Charity

SDGs Responded in This Chapter

In the field of environmental public welfare, the Group effectively integrates partner resources through the "GREENBOX" public welfare IP project, continuously conducting innovative practices with environmental protection and low-carbon themes. Through distinctive activities such as the "TOP Run Free" creative marathon, we ingeniously incorporate environmental education and low-carbon practices into sports scenarios, promoting the organic combination of active, healthy lifestyles and social responsibility.

Case Study Qi'ao Island "Plogging Beach Cleanup Action"

In July 2024, the Group joined forces with Adidas to launch the Qi'ao Island "Plogging Beach Cleanup Action." This activity innovatively combined jogging fitness with beach garbage cleanup, with participants performing aerobic exercise along the Qi'ao Island coastline while collecting common beach waste including plastic products and fishing nets. The activity not only effectively improved the local beach environment but also conveyed the healthy lifestyle concept of "Sports + Environmental Protection" to the public through practical action, providing a valuable example for exploring innovative corporate social responsibility practices.

Qi'ao Island "Plogging Beach Cleanup Action" scene

Case Study "Toward the Mountains" Mountain Cleanup Environmental Public Welfare Activity

In July 2024, Topsports and Columbia jointly launched the "Toward the Mountains" mountain cleanup environmental public welfare activity by organizing volunteer teams to hike mountains while collecting plastic bottles, food packaging, discarded clothing, and other waste along the way. This initiative promoted attention and support from all sectors of society for mountain environmental protection, raised public environmental awareness, and helped more people recognize the importance and urgency of environmental protection.

"Toward the Mountains" mountain cleanup environmental public welfare activity scene

Case Study “TOP Run Free” Creative Marathon Event

In July 2024, the Group collaborated with the well-known IP “DUCKYO FRIENDS” to launch the “TOP Run Free” creative marathon event. As one of the event highlights, the Group specially designed and produced “GREENBOX” limited-edition DUCKYO FRIENDS co-branded eco-friendly bags, cleverly integrating trendy IP elements with environmental protection concepts. This not only provided young consumer groups with environmentally friendly product choices that combine fashion and functionality but also continuously explored new paths for corporate public welfare practices through the innovative model of “Sports + IP + Sustainability”.

“TOP Run Free” creative marathon event scene

Limited-edition co-branded eco-friendly bags

06

Compliance, Ethics and Transparency

— *Ensuring the Compliance Lifeline within the Enterprise*

The Group upholds the corporate values of integrity and honesty, integrating compliance management into strategic planning and daily operations. It continuously improves risk management and internal control systems, actively fosters a culture of integrity, strengthens anti-fraud supervision, and creates a transparent business environment. At the same time, the Group places a high priority on protecting intellectual property, ensuring the legitimate rights and interests of both itself and its partners are effectively safeguarded. This commitment supports the Group's stable and long-term growth through compliant operations.

ESG Topics Covered in this Chapter

Compliant and Robust Operations
Anti-Corruption and Integrity in Management
Intellectual Property Management

SDGs Responded in This Chapter

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

6.1 Internal Control and Risk Management

To systematically identify, evaluate, and respond to potential risks, the Group has established a risk management and internal control system aimed at risk management, formulated and implemented internal management systems such as *the Comprehensive Risk Management System* and continuously improved its risk management framework to control risks at a reasonable level.

The Group's Board of Directors is responsible for establishing, maintaining, and reviewing the effectiveness of the risk management and internal control systems, while management is responsible for designing and implementing these systems to achieve effective identification, control, and response to key risks. The Group's Audit Department supervises the implementation effectiveness of risk management and internal control systems. Based on the Group's audit strategy and annual audit plan, the Audit Department conducts an independent audit annually, covering key areas such as operations, finance, compliance, and risk management, and reports review and assessment results directly to the Audit Committee, ensuring transparency and independence in risk management.

To enhance the forward-looking nature and comprehensiveness of risk identification, the Group conducts an annual comprehensive enterprise risk assessment, systematically evaluating various risks that may be encountered in achieving strategic objectives, including Environmental, Social, and Governance (ESG) related risks. Simultaneously, facing a complex and changing external environment, the Group actively identifies and responds to emerging risks to clarify their potential medium and long-term impacts and formulate corresponding mitigation measures and response strategies. In this financial year, the Group identified two major emerging risks: carbon tax policy risk and artificial intelligence application risk.

	Emerging Risk 1: Carbon Tax Policy Development Risk	Emerging Risk 2: Artificial Intelligence Application Risk
Risk Category	Economic Risk	Social Risk
Risk Description	With the ongoing global focus on climate change, carbon pricing mechanisms have increasingly become vital tools for governments to advance their carbon neutrality objectives. Under the guidance of "carbon peak and carbon neutrality" targets, China is also actively advancing carbon market construction and may gradually introduce carbon tax policies in the future. As a multi-brand sports retail enterprise, the Group will face dual challenges of increased operational costs and stricter compliance management requirements.	With the widespread application of artificial intelligence (AI) technology in brand marketing, consumer operations, intelligent analysis, supply chain management, and other fields, the retail industry is moving toward intelligent operations. However, the rapid development of AI technology also brings issues such as algorithmic bias, data security, AI content generation authenticity, and privacy compliance. While promoting digital and intelligent transformation, the Group also needs to address ethical, privacy, and control risks related to AI.

	Emerging Risk 1: Carbon Tax Policy Development Risk	Emerging Risk 2: Artificial Intelligence Application Risk
Risk Impact	(1) Impact on operational costs: If carbon tax policies are formally implemented, they will increase the Group's carbon emission costs in supply chain procurement, logistics transportation, warehouse distribution, store energy use, and other aspects, affecting the Group's product gross margin and overall profitability. (2) Impact on business models and strategies: Implementation of carbon tax policies will prompt the Group to accelerate green supply chain and low-carbon store construction, increase exploration in green logistics, environmentally friendly materials, clean energy, and other areas, and promote business model transformation toward sustainability. (3) Impact on compliance governance: Carbon tax policies will impose higher standards on emission data quality, coverage, and transparency, requiring the Group to invest more resources in carbon data collection, accounting, reporting, and other aspects, and establish a comprehensive carbon emission accounting and monitoring system to meet regulatory requirements.	(1) Impact on data compliance management: AI applications rely on massive user behavior and transaction data. If data collection, use, and storage do not strictly comply with relevant laws and regulations on personal information protection, compliance and reputational risks may arise. (2) Impact on business decisions and operations: When using AI models for sales forecasts, user recommendations, and other business decisions, if there are biases in the foundational data of AI models or algorithm logic has not been fully verified, it may lead to misjudgments in key business aspects such as product selection, replenishment, and promotions, affecting operational effectiveness.

	Emerging Risk 1: Carbon Tax Policy Development Risk	Emerging Risk 2: Artificial Intelligence Application Risk
Response Strategies	(1) Continuously track policy developments related to carbon tax and carbon trading, proactively identify potential impacts on various business aspects, and provide decision support for the Group's long-term strategic planning; (2) Optimize green supply chain management mechanisms, encourage suppliers to enhance environmental considerations in work processes, strengthen energy conservation and carbon reduction practices; enhance energy efficiency management in transportation and warehousing, explore green logistics alternatives; (3) Establish carbon reduction targets and take the lead in conducting greenhouse gas Scope 3 inventory work, improving carbon data accounting, disclosure, and management quality.	(1) Coordinate information security construction and management through a dedicated information security management team; (2) Revise and update the *Privacy Statement* adding controls for using new AI technologies to create and publish content, and improving compliant use and institutional safeguards for consumer privacy data; (3) Continuously monitor industry regulatory dynamics and policy changes to ensure controlled development while AI applications efficiently empower business operations.

6.2 Business Ethics and Integrity

The Group strictly complies with *the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery* and other relevant laws and regulations. We have formulated and implemented internal management systems such as *the Comprehensive Risk Management System, the Internal Audit Management System and the Employee Handbook*, clearly defining the division of responsibilities and handling processes for anti-fraud and internal control management, continuously enhancing the Group's compliance governance effectiveness.

During this financial year, the Group revised the Anti-Fraud Management Guidelines, focusing on improving the handling process for fraud cases, including establishing special task forces with clearly defined responsibilities for fraud cases involving criminal matters, strengthening the management of fraud reporting documentation, and enhancing the standardization and implementation of anti-fraud governance. Simultaneously, the Group publicly released *the Code of Business Conduct* on its official website, clarifying professional standards and disciplinary requirements for all employees and management, guiding them to comply with laws, regulations, and the highest ethical and professional standards in daily business activities, enhancing the openness and transparency of anti-fraud systems. During this financial year, no corruption lawsuits were filed against the Group or its employees.

To ensure the effective implementation of business ethics, the Group continuously improves its business ethics and anti-fraud management system. The Group's Audit Department is responsible for implementing internal control inspections and supervision, coordinating relevant departments to identify and assess high-risk integrity operations, and formulating corresponding prevention and control measures to promote improvement through investigation. In regularly conducted special audits, the Audit Department covers business ethics and anti-corruption related risks, conducts effectiveness assessments of business ethics management measures across all of the Group's operations, and urges responsible departments to implement corrections for identified issues, promoting optimization through auditing. Additionally, the Audit Department regularly reports audit results to the Audit Committee and the Board of Directors, fortifying the Group's integrity and compliance defense line.

Mid and Senior Management Team

- The Group has established a conflict of interest disclosure mechanism for mid and senior-level employees, requiring them to truthfully report any conflicts through the internal information system each quarter, upholding business ethics.

All Employees

- The Group stipulates explicitly that all employees must sign the anti-fraud agreement in the *Employee Handbook*, governing their commercial conduct and ensuring that they comply with laws and regulations and remain loyal to their duties.

Suppliers

- The Group has signed *Anti-Corruption Agreements* with all suppliers and published a Supplier Code of Conduct on its official website, encouraging suppliers to adhere to compliance principles including anti-corruption and anti-fraud measures.
- The Group has embedded integrity clauses into contract templates, requiring both parties to strictly comply with relevant national laws and regulations, firmly rejecting commercial bribery, corruption, and other improper business practices. For collaborations not using standard templates, ethical conduct is enforced through revised cooperation terms or signed Integrity Commitment letters.

Specific Integrity Requirements

Integrity Training

The Group continuously advances the construction of an integrity culture, advocating for all employees to fulfill their responsibilities and conduct business legally, compliantly, and honestly. Through organizing offline fraud case sharing sessions, online course training, and other diversified forms of integrity education, the Group strengthens employees' awareness of integrity in their professional conduct, promotes the internalization of integrity concepts, and creates a transparent, clean, and positive work atmosphere.

In this financial year, the Topsports Academy delivered anti-fraud training courses to all Group employees (including full-time and outsourced staff), achieving coverage of **100%**

For Management Team

- Organized 10 offline sharing sessions on audit findings and fraud cases, with 271 participants including regional directors, district managers, city managers, brand leaders, retail representatives, and support department heads. These sessions reinforced management responsibilities and enhanced integrity awareness.

For All Employees

- Utilized the internal online learning platform Topsports Academy to conduct ongoing anti-fraud publicity and training activities for all staff members.
- Held 51 audit finding communication meetings covering management, office employee, and store employees to foster a corporate culture of honesty, integrity, and compliance.

For New Employees

- Required all new employees to participate in anti-fraud learning and assessment, familiarizing them with compliance requirements and strengthening their professional ethics awareness and capabilities.

Reporting and Protection

The Group maintains a zero-tolerance attitude toward any form of corruption, bribery, embezzlement, fraud, unfair competition, and other illegal activities, and will deal strictly with them once verified. The Group has established diversified reporting channels, including the company's official website homepage, employee handbook, store signage, employee information system mobile platform, supplier cooperation agreements, and more, encouraging all employees, suppliers, customers, and other stakeholders to promptly report any incidents involving or potentially involving commercial bribery, corruption, and fraudulent behaviors, accepting joint supervision from multiple internal and external parties.

To effectively advance integrity building, the Group has developed a normalized reporting management mechanism, with the Group's Audit Department uniformly responsible for accepting and investigating fraud reports. The Group implements process-based management of reported matters through an integrity reporting system, ensuring timely response, standardized handling, efficient closure, and reporting of handling results to management. To enhance the fairness and efficiency of report handling, the Group prioritizes real-name reports and gives priority to investigating reports with detailed content or attached evidence. During this financial year, the Group continuously optimized its fraud reporting handling process, clarifying that when fraud causes economic losses exceeding a certain amount or when cases involve suspected criminal offenses, a special task force must be established with the joint involvement of the Group's audit, legal, and human resources heads in subsequent handling processes, ensuring a fair and transparent investigation process with clear rights and responsibilities.

At the same time, the Group resolutely protects the legitimate rights and interests of whistleblowers, implementing whistleblower privacy protection mechanisms and integrity reporting information confidentiality mechanisms, requiring relevant employee to sign confidentiality agreements, and maintaining the confidentiality of received reporting information and whistleblower information at all stages of acceptance, investigation, and disposition to prevent information leakage. The Group strictly prohibits any retaliation against whistleblowers; if discovered, such actions will be seriously dealt with according to laws and regulations, and in severe cases, will be transferred to judicial authorities.

Integrity Reporting Email

compliance@topsports.com.cn

Integrity Reporting QR Code

6.3 Intellectual Property Protection

The Group highly values intellectual property protection, strictly complying with *the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Intellectual Property Law of the People's Republic of China* and other relevant laws and regulations. We have formulated and implemented internal management systems such as *the Code of Business Conduct*, standardizing copyright usage management for external promotional materials, ensuring legal and regulatory authorization when using materials such as literary works, artwork, music, videos, photographs, film clips, and software, fully respecting and protecting others' intellectual property achievements, and preventing infringement risks.

The Group continuously improves its intellectual property protection system covering multiple dimensions including promotional content, trademarks, copyrights, and original designs, strengthening internal intellectual property compliance management. To adapt to business development needs, the Group's Legal Department is involved in advance in the design and registration evaluation process of proprietary brands and IP images. Additionally, the Group has taken the following measures to promote standardized implementation of intellectual property work:

Regulated Use of Materials	External promotional content must be obtained through authorized channels with proper copyrights and usage guidelines distributed to all departments.
Dedicated Management	Designated employee responsible for daily trademark management and supervision and assist in identifying potential risks and protecting trademark rights.
Protection of Rights and Interests	The Group promptly initiates legal complaints or appeals against external infringement activities, such as unauthorized use of trademarks or names, actively employing legal measures to protect the company's intellectual property rights.

Simultaneously, the Group actively promotes intellectual property protection training and advocacy, continuously carrying out daily compliance promotion through diverse forms such as the "Topsports Legal Classroom" series of short videos and promotional posters launched through the internal training application Topsports Academy, effectively enhancing frontline retail employees' compliance awareness and practical operational capabilities.

"Topsports Legal Classroom" Video Screenshots

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Appendix

Appendix I: ESG Key Performance Data Table

Environmental Category

Key Performance Indicators		Unit	Usage/Emissions
A1.1 Emissions	Sulfur dioxide emissions	kilogram	1.31
	Nitrogen oxide emissions	kilogram	441.17
	Particulate matter emissions	kilogram	41.60
A1.2 Greenhouse Gas Emissions	Greenhouse gas emissions (Scope 1)	tCO_2e	237.20
	Greenhouse gas emissions (Scope 2)	tCO_2e	797.61
	Total greenhouse gas emissions (Scope 1+2)	tCO_2e	1,034.81
	Greenhouse gas emissions (Scope 3)	tCO_2e	387,549.47
	Category 1: Purchased goods and services	tCO_2e	296,597.37
	Category 2: Capital goods	tCO_2e	8,006.36
	Category 3: Fuel and energy-related activities (not included in Scope 1 and 2)	tCO_2e	311.24
	Category 4: Upstream transportation and distribution	tCO_2e	9,056.79
	Category 5: Waste generated in operations	tCO_2e	12.89
	Category 6: Business travel	tCO_2e	1,100.17
	Category 7: Employee commuting	tCO_2e	2,302.81
	Category 8: Upstream leased assets	tCO_2e	60,699.17
	Category 9: Downstream transportation and distribution	tCO_2e	7,701.16
	Category 12: End-of-life treatment of sold products	tCO_2e	1,038.88

Key Performance Indicators		Unit	Usage/Emissions
A1.3 Hazardous Waste	Total hazardous waste	kilogram	550.79
A1.4 Non-hazardous Waste	Total non-hazardous waste	tons	29.88
A2.1 Energy Use	Total energy consumption	MWh	2,308.46
	Direct energy consumption	MWh	822.04
	Indirect energy consumption	MWh	1,486.41
	Energy consumption intensity	MWh/m²	0.09
	Total electricity consumption	MWh	1,486.41
	Gasoline usage	Liters	89,177.12
A2.2 Water Consumption	Water consumption	m³	13,270.71
	Water consumption intensity	m³/m²	0.50
A2.5 Packaging Materials	Paper bag usage	tons	1,102.75

Environmental Data and Coefficient Explanations

1. Data collection covers the Group's headquarters and affiliated administrative office areas, spanning from March 1, 2024, to February 28, 2025.
2. Greenhouse gas emissions (Scope 1) primarily come from fuel consumption by company vehicles, while greenhouse gas emissions (Scope 2) are generated from purchased electricity consumption. Data sources include payment receipts for relevant expenses and administrative records.
3. In this financial year, the Group disclosed greenhouse gas emissions (Scope 3) data for the first time, covering 10 categories, with specific explanations as follows:
    1) Category 1 includes emissions from purchased goods and services. Purchased goods include all upstream (cradle-to-gate) emissions from the purchase of clothing, accessories, and footwear from various brands. Emissions from purchased services include carbon emissions generated by various types of services such as business promotion, auditing, design, and communications. Emission factors primarily reference the Ecoinvent database, the China Product Life Cycle Greenhouse Gas Emission Factor Database, and the EEIO Carbon Footprint Factor Database published by the U.S. Environmental Protection Agency.
    2) Category 2 capital goods emissions are the carbon emissions generated by various assets from cradle to point of sale. Emission factors primarily reference the EEIO Carbon Footprint Factor Database published by the U.S. Environmental Protection Agency.

Environmental Data and Coefficient Explanations (Continued)

3) Category 3 fuel and energy-related activities emissions also include all upstream (cradle-to-gate) emissions from purchased energy and fuels, including upstream emissions from energy extraction and processing, fuel production, transportation, distribution, and storage processes, as well as energy losses during energy transmission. Emission factors primarily reference the "UK Government GHG Conversion Factors for Company Reporting" published by the UK Department for Energy Security and Net Zero.
4) Category 4 upstream transportation and distribution emissions are those generated from transporting goods from upstream suppliers to the Group's locations, mainly by road transport. Emission factors primarily reference the "UK Government GHG Conversion Factors for Company Reporting" published by the UK Department for Energy Security and Net Zero.
5) Category 5 operational waste disposal emissions data include carbon emissions generated when four major categories of waste—hazardous waste, general waste, domestic waste, and wastewater—are handed over to third parties for treatment. The treatment methods for these operational wastes are mainly recycling, incineration, and landfill. Emission factors primarily reference the "UK Government GHG Conversion Factors for Company Reporting" published by the UK Department for Energy Security and Net Zero, the U.S. Environmental Protection Agency (EPA), and others.
6) Category 6 includes carbon emissions from employee business travel, with travel modes including air, road, and rail. Emission factors primarily reference the EEIO Carbon Footprint Factor Database published by the U.S. Environmental Protection Agency.
7) Category 7 includes carbon emissions from employee commuting, determined through sample surveys of employees in representative operational areas to confirm commuting methods and distances. Commuting methods include cars, public transportation, motorcycles, walking, etc. Emission factors primarily reference the "UK Government GHG Conversion Factors for Company Reporting" published by the UK Department for Energy Security and Net Zero.
8) Category 8 upstream leased assets emissions include emissions from all stores operated by the Group through leasing, mainly emissions from electricity use in store operations. The electricity emission factor for store operations comes from the "Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2022" published by the Ministry of Ecology and Environment and the National Bureau of Statistics, using the national average carbon dioxide emission factor of 0.5366 $kgCO_2/kWh$.

Environmental Data and Coefficient Explanations (Continued)

9) Category 9 downstream transportation and distribution of goods emissions refer to emissions generated when goods are transported from the Group's warehouses to various downstream distribution channels, mainly through road transportation. Emission factors primarily reference the EEIO Carbon Footprint Factor Database published by the U.S. Environmental Protection Agency.

10) Category 12 end-of-life treatment of products emissions data are calculated by material category, including three types of materials—the products themselves, packaging plastics, and packaging paper—in three product categories: clothing, accessories, and footwear, and the carbon emissions generated when they are handed over to third parties for treatment at the end of their useful life. Treatment methods are mainly recycling, incineration, and landfill. Based on the disposal situations of different types of waste, estimations are made using the general processing situations in China calculated from the "2023 China Urban Construction Status Bulletin," Our World in Data 2023 based on the OECD, and the "China Paper Industry 2023 Annual Report."

4. The types of energy consumed by the Group include fuel for company vehicles and purchased electricity. Data statistics are based on payment receipts for relevant expenses and administrative records. Energy unit conversion factors reference the "Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Enterprises in Other Industrial Sectors" published by the National Development and Reform Commission.

5. Hazardous waste includes waste ink cartridges and toner cartridges from printing; non-hazardous waste is daily domestic waste generated in office areas. Data sources include printing records, property management sanitation records, etc.

6. The Group's water source comes from municipal network water supply, with no issues in obtaining suitable water sources. Data sources include water fee payment receipts, financial and administrative records.

Social

Key Performance Indicators		Key Performance Data
Total Employees by Gender, Employment Type, Age Group, and Region		
		Number of Employees (persons)
By Gender	Male	4,643
	Female	22,636
By Employment Type	Full-time	4,730
	Outsourced	22,549
By Age Group	Below 30 years old	7,985
	31-40 years old	14,538
	41-50 years old	4,685
	Above 50 years old	71
By Region	Mainland China	27,259
	Overseas and Hong Kong, Macao, and Taiwan regions	20
Total number of employees		27,279

Employee Turnover Rate by Gender, Age Group, and Region		
		Turnover Rate (%)
By Gender	Male	44.70%
	Female	31.73%
By Age Group	Below 30 years old	50.07%
	31-40 years old	26.40%
	41-50 years old	17.95%
	Over 50 years old	26.80%
By Region	Mainland China	34.36%
	Overseas and Hong Kong, Macao, and Taiwan regions	4.76%
Total employee turnover rate		34.35%

Diverse Employee Structure

		Number of Employees (persons)
Number of Female Employees	Executives	31
	Senior Management	174
	Management Team	205
Ethnic Minority Employees	Management Team	9
	General Employees	1,477

Percentage of Employees Trained and Average Training Hours by Gender, Rank, and Age Group

		Percentage of Employees Trained (%)	Training Hours per Person (Hours/Person)
By Gender	Male	90.85%	98.88
	Female	98.65%	80.58
By Rank	Executives	88.75%	72.52
	Senior Management	95.25%	78.09
	General Employees	98.07%	100.03
By Age Group	Below 30 years old	98.79%	214.31
	31-40 years old	98.01%	47.73
	41-50 years old	96.82%	62.05
	Over 50 years old	87.30%	238.35
Percentage of all employees trained and average hours		98.06%	99.73

Supply Chain Management	
Number of suppliers in mainland China	76
Number of suppliers in overseas and Hong Kong, Macao, and Taiwan regions of China	5
Number of suppliers signed the "Integrity Agreement"	81

Consumer Services	
Number of complaints received(times)	4,674
Number of complaints processed(times)	4,674
Number of follow-ups (times)	18,696
Consumer satisfaction (%)	89.71%
Online consumer satisfaction survey coverage rate (%)	100.00%

Anti-corruption	
Number of concluded corruption lawsuits	0

Appendix II: Environmental, Social and Governance Reporting Code Content Index

ESG Indicators		Disclosure Status	Corresponding Section
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Mutually Forge the Green Ecosystem as One
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I: ESG Key Performance Data Table
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG Key Performance Data Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG Key Performance Data Table
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG Key Performance Data Table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	Mutually Forge the Green Ecosystem as One
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Mutually Forge the Green Ecosystem as One

ESG Indicators		Disclosure Status	Corresponding Section
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Mutually Forge the Green Ecosystem as One
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG Key Performance Data Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I: ESG Key Performance Data Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	Mutually Forge the Green Ecosystem as One
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	Mutually Forge the Green Ecosystem as One
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Appendix I: ESG Key Performance Data Table
A3 General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Disclosed	Mutually Forge the Green Ecosystem as One
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Mutually Forge the Green Ecosystem as One

ESG Indicators		Disclosure Status	Corresponding Section
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	Mutually Forge the Green Ecosystem as One
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	Mutually Forge the Green Ecosystem as One
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Appendix I: ESG Key Performance Data Table
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I: ESG Key Performance Data Table

ESG Indicators		Disclosure Status	Corresponding Section
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B2.2	Lost days due to work injury.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I: ESG Key Performance Data Table
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I: ESG Key Performance Data Table

ESG Indicators		Disclosure Status	Corresponding Section
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Diversity, Equality, and Inclusive Coexistence
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Mutually Forge the Green Ecosystem as One
B5.1	Number of suppliers by geographical region.	Disclosed	Appendix I: ESG Key Performance Data Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Mutually Forge the Green Ecosystem as One
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Mutually Forge the Green Ecosystem as One
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Mutually Forge the Green Ecosystem as One

ESG Indicators		Disclosure Status	Corresponding Section
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Green Consumption and Quality Services Compliance, Ethics, and Transparency
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	–
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Appendix I: ESG Key Performance Data Table
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Compliance, Ethics, and Transparency
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Green Consumption and Quality Services
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Green Consumption and Quality Services

ESG Indicators		Disclosure Status	Corresponding Section
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Compliance, Ethics, and Transparency
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Compliance, Ethics, and Transparency Appendix I: ESG Key Performance Data Table
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Compliance, Ethics, and Transparency
B7.3	Description of anti-corruption training provided to directors and employees.	Disclosed	Compliance, Ethics, and Transparency
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Plant for a Better Community and Support to Public Welfare
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Plant for a Better Community and Support to Public Welfare
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Plant for a Better Community and Support to Public Welfare