



ANTA Sports Products Limited

安踏體育用品有限公司

Audit Committee Terms of Reference

Effective date of these terms of reference:

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

1. Constitution and functions

- 1.1 The Board constitutes and establishes the Committee with authority, responsibility and specific duties as described below.
- 1.2 The Committee shall monitor the integrity of the Group's financial statements, annual and interim reports and focus on the Group's financial reporting integrity.
- 1.3 The Committee shall ensure the compliance with the applicable accounting principles and practices for a balanced, clear and comprehensible assessment of the Group's performance, position and prospects, and ensure the compliance with any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed.
- 1.4 The Committee shall maintain an appropriate relationship with the Company's external auditor, and shall make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

2. Composition and membership

- 2.1 The member of the Committee shall be appointed and their terms of appointment shall be determined by the Board. The Committee shall consist of at least three (3) members comprising non-executive directors (including independent non-executive directors) only.
- 2.2 The majority of the members of the Committee shall be independent non-executive directors and at least one (1) of whom shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

- 2.3 The Board shall appoint the Committee Chairman from the members of the Committee, who must be an independent non-executive director. In the absence of the Committee Chairman or his designated nominee, other members of the Committee attending the meeting shall elect one of them to chair the meeting.
- 2.4 The composition of the Committee will be reviewed by the Board and the nomination committee of the Company annually to ensure an appropriate balance in terms of expertise, skills and experience.

3. Secretary

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

4. Frequency and proceedings of meeting

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

- 4.6 Only members of the Committee are entitled to attend Committee meetings. Other directors of the Company or executives of the Group may be invited to attend all or part of any meeting, as and when appropriate and necessary. At least once (1) a year the Committee shall meet with the external auditor without management members present to discuss any issues arising from the audit and any other matters the external auditor may wish to raise. The external auditor may request for holding of meetings if they consider it necessary.
- 4.7 Meetings may be held by telephone, electronic or other means of communication so that all attendants at the meeting can communicate with each other instantaneously.
- 4.8 Before a meeting starts, all members of the Committee shall declare their interests (including the interests of their associates) in respect of the matters to be discussed and/or the resolutions to be approved during the meeting in accordance with the articles of association of the Company and/or the Listing Rules.
- 4.9 In case a member of the Committee (or his/her associate) has a material interest in a matter to be discussed and/or a resolution to be approved during a meeting, other members of the Committee, for the purpose of avoidance of conflict of interests, shall consider and decide if the member shall abstain from voting in the resolutions and/or be absent from the meeting.

5. Minutes

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

6. Duties

6.1 The duties of the Committee shall include:

Relationship with the external auditor

- (1) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences. The Committee shall obtain from the auditor annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners;
- (3) to develop and implement policy on engaging an external auditor to supply non-audit services;
- (4) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of financial information

- (5) to monitor the integrity of the Company's and the Group's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee shall focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards;

- (f) compliance with the Listing Rules and legal requirements in relation to financial reporting; and
- (g) reviewing the fairness of the connected transactions and the continuing connected transactions, and making disclosure in accordance with the Listing Rules and the accounting standards.

regarding this duty of the Committee:

- (I) members of the Committee shall liaise with the Board and senior management and the Committee must meet, at least twice (2) a year, with the Company's external auditor; and
- (II) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or external auditor;

Oversight of financial reporting system

- (6) to conduct an annual review of the effectiveness of the Group's processes for financial reporting and financial controls;
- (7) to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- (8) to review the Group's financial and accounting policies and practices;
- (9) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (10) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (11) to ensure the appropriate arrangements are in place so that employees of the Group can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure the Company would make fair and independent investigation of these matters and appropriate follow-up action;

Corporate governance

- (12) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
 - (13) to review and monitor the training and continuous professional development of directors and senior management;
 - (14) to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements;
 - (15) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
 - (16) to review the Company's compliance with the CG Code and disclosure in the corporate governance report under the annual report of the Company.
- 6.2 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee shall ensure that the Company would include a statement explaining the Committee's view(s) and the reason(s) why the Board has taken a different view in the corporate governance report under the annual report of the Company;
- 6.3 The Committee, where necessary, may seek independent professional advice to perform its responsibilities at the cost of the Company.
- 6.4 The Committee shall report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so).
- 6.5 The Committee shall prepare a summary of its work during the year for inclusion in the corporate governance report under the annual report of the Company (including how the Committee met its responsibilities in its review of the Company's quarterly (if relevant), half-yearly and annual results, details of the Company's non-compliance with Rule 3.21 of the Listing Rules (if any) and an explanation of the remedial steps taken by the Company to address such non-compliance and a report on the corporate governance policies and works during the year).

7. Authority

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

8. Reporting responsibilities

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

9. General

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

10. Definitions

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

“ Board ”	means the board of directors of the Company
“ CG Code ”	means the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“ Committee ”	means the audit committee of the Company
“ Committee Chairman ”	means the chairman of the Committee
“ Committee Secretary ”	means the secretary of the Committee
“ Company ”	means ANTA Sports Products Limited
“ Group ”	means the Company and its subsidiaries
“ Listing Rules ”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

11. Language

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