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ANTA Sports Products Limited

安踏體育用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2020)

CONNECTED TRANSACTION ACQUISITION OF LAND USE RIGHTS OF THE TARGET LAND AND THE FACTORY UNDER CONSTRUCTION

THE LAND USE RIGHTS AND BUILDING TRANSFER AGREEMENT

On 31 March 2021, the Purchaser entered into the Land Use Rights And Building Transfer Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the land use rights in respect of the Target Land (including Parcel 2, upon which the Factory is being constructed) and the entirety of the Vendor's interest in the Factory, at a total consideration of RMB72,000,000.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Ding Shizhong and Mr. Ding Shijia are both executive Directors of the Company. As at the date of this announcement, the Vendor is 50% owned by Ms. Ding Siqing and 50% owned by Mr. Ding Sirong. As each of Ms. Ding Siqing and Mr. Ding Sirong is a family member of Mr. Ding Shizhong and Mr. Ding Shijia respectively, the Vendor is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and therefore a connected person of the Company.

As such, the transactions contemplated under the Joint Construction Agreement and the Land Use Rights And Building Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.76(2) of the Listing Rules, as one or more of the applicable percentage ratios in respect of the Joint Construction Agreement and the Land Use Rights And Building Transfer Agreement (on an aggregate basis) exceeds 0.1% but are less than 5%, the Acquisition contemplated under the Land Use Rights And Building Transfer Agreement is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE JOINT CONSTRUCTION AGREEMENT

On 10 July 2020, the Purchaser, a wholly owned subsidiary of the Company, entered into the Joint Construction Agreement with the Vendor, pursuant to which the Purchaser and the Vendor agreed to contribute an aggregate sum of RMB88,000,000 to jointly construct and own the Factory, of which RMB35,200,000 is to be provided by the Purchaser and RMB52,800,000 is to be provided by the Vendor. The Factory is to be constructed upon Parcel 1 and Parcel 2, two adjacent parcels of land situated in Jinjiang City, Fujian Province, China. The Purchaser is the owner of the land use right of Parcel 1 and the Vendor is the owner of the land use right of Parcel 2.

The construction of the Factory is expected to be completed before 30 September 2021, and the Purchaser and Vendor will own a 40% and a 60% interest in the Factory respectively, being their respective percentage contribution under the Joint Construction Agreement. The Purchaser is responsible for the construction process, including the construction plan design, planning approval, project construction, completion acceptance, property rights handling and other related work.

As of the date of this announcement, the construction of the Factory remains ongoing.

THE LAND USE RIGHTS AND BUILDING TRANSFER AGREEMENT

The principal terms of the Land Use Rights And Building Transfer Agreement are as follows:

Date

31 March 2021

Parties

- (1) the Vendor
- (2) the Purchaser

Subject Matter

Pursuant to the Land Use Rights And Building Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the land use rights in respect of the Target Land (including Parcel 2, upon which the Factory is being constructed) and the entirety of the Vendor's interest in the Factory. Upon the execution of the Land Use Rights And Building Transfer Agreement, the Purchaser owns the entire interest in the Factory under construction and the Target Land and is solely responsible for the construction and development of the Factory and the Target Land.

Consideration

The consideration for the Acquisition is RMB72,000,000.

Payment Method

The consideration for the Acquisition will be payable by the Purchaser to the Vendor as follows:

- (i) RMB36,000,000 (equal to 50% of the consideration) is payable within 10 business days after the signing of the Land Use Rights And Building Transfer Agreement; and
- (ii) RMB36,000,000 (the remaining consideration) is payable within 10 business days after completion of the change in land use rights registration.

The consideration will be funded by internal resources of the Group.

BASIS OF DETERMINATION OF THE CONSIDERATION

The total consideration of the Acquisition amounts to RMB72,000,000, which was determined by the Purchaser and the Vendor through arms' length negotiation, taking into account the appraised value of the Target Land in the amount of approximately RMB38,000,000 (which took into account the market value of comparable land parcels of similar features in the vicinity) and the appraised value of the Factory under construction (which 60% interest was owned by the Vendor) in the amount of approximately RMB56,000,000 (which took into account the replacement cost of the construction in progress) as of 31 January 2021 based on the valuation conducted by an independent valuer.

Particulars of the Target Land and the Factory

The Target Land comprises of four parcels of land (including Parcel 2, upon which the Factory is being constructed) situated in Dongshan Village, Chidian Town, Jinjiang City, Fujian Province, China with a total area of approximately 39,964 square metres.

The Factory is being constructed on Parcel 1 and Parcel 2, two adjacent parcels of land located at/near the Target Land. The Purchaser is the owner of the land use right of Parcel 1 and the Vendor is the owner of the land use right of Parcel 2. Pursuant to the Joint Construction Agreement, the Purchaser and the Vendor owns 40% and 60% interests in the Factory under construction respectively.

Except for the Factory (which is still under construction), there are no buildings or structures on the Target Land.

The Target Land is designated for industrial use. The term of the land use rights in respect of the Target Land shall terminate on 7 May 2064.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Ding Shizhong and Mr. Ding Shijia are both executive Directors of the Company. As at the date of this announcement, the Vendor is 50% owned by Ms. Ding Siqing and 50% owned by Mr. Ding Sirong. As each of Ms. Ding Siqing and Mr. Ding Sirong is a family member of Mr. Ding Shizhong and Mr. Ding Shijia, respectively, the Vendor is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and therefore a connected person of the Company.

As such, the transactions contemplated under the Joint Construction Agreement and the Land Use Rights And Building Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.76(1) of the Listing Rules, as all the applicable percentage ratios in respect of the Joint Construction Agreement are less than 0.1%, the transaction contemplated under the Joint Construction Agreement constitutes a de minimis transaction and is fully exempt from reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Joint Construction Agreement and Land Use Rights And Building Transfer Agreement are entered into or completed within a 12-month period, the transactions contemplated under the Joint Construction Agreement and the Land Use Rights And Building Transfer Agreement shall be aggregated and treated as if they were one transaction under Rule 14A.81 of the Listing Rules for the purpose of classification of connected transactions.

In accordance with Rule 14A.76(2) of the Listing Rules, as one or more of the applicable percentage ratios in respect of the Joint Construction Agreement and the Land Use Rights And Building Transfer Agreement (on an aggregate basis) exceeds 0.1% but are less than 5%, the Acquisition contemplated under the Land Use Rights And Building Transfer Agreement is subject to the reporting and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE LAND USE RIGHTS AND BUILDING TRANSFER AGREEMENT

The Factory being constructed under the Joint Construction Agreement would enhance the Group's self-production capacity of footwear products and provide support to the Group's business development under the multi-brand strategy. Given the Factory is constructed upon Parcel 1 and Parcel 2, among which the Purchaser currently owns the land use rights in respect of Parcel 1, the Acquisition contemplated under the Land Use Rights And Building Transfer Agreement will unify the ownership of the adjacent lands upon which the Factory is and future facilities would be built and will give the Group complete control over the progress of the development and the future usage of the Factory and the Target Land.

The Directors (excluding Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo who have abstained from voting), including the independent non-executive Directors, are of the view that the Acquisition contemplated under the Land Use Rights and Building Transfer Agreement is:

- (a) on normal commercial terms or terms more favourable to the Group;
- (b) negotiated on arm's length basis;
- (c) fair and reasonable; and
- (d) in the interests of the Company and the Shareholders as a whole.

Mr. Ding Shizhong and Mr. Ding Shijia, each being an executive Director, has a material interest in the Acquisition contemplated under the Land Use Rights And Building Transfer Agreement. Mr. Lai Shixian and Mr. Wang Wenmo, being an executive Director and a non-executive Director respectively, are associates of Mr. Ding Shizhong and Mr. Ding Shijia. Each of Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo has abstained from voting on the Board resolutions approving the Land Use Rights And Building Transfer Agreement.

INFORMATION OF THE GROUP AND THE PARTIES

The Group

ANTA brand was established in 1991, and the Company, a leading global sportswear company in China, was listed on the Main Board of the Stock Exchange in 2007. For many years, the Company has been principally engaged in the design, development, manufacturing and marketing of ANTA brand sportswear series to provide the mass market in China with professional sporting products including footwear, apparel and accessories. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports Corporation in 2019, a Finnish sportswear group that has internationally recognised brands including SALOMON, ARC'TERYX, PEAK PERFORMANCE, ATOMIC, SUUNTO, WILSON, etc. The Company aims to unlock the potential of both the mass and highend sportswear markets.

The Purchaser

The Purchaser is a company incorporated in China, and is a wholly owned subsidiary of the Company. It is principally engaged in the business of manufacturing of shoe soles.

The Vendor

The Vendor is a company incorporated in China, and is 50% owned by Ms. Ding Siqing and 50% owned by Mr. Ding Sirong. It is principally engaged in the business of equity interest and real estate investments.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the land use rights in respect of the Target Land (including Parcel 2, upon which the Factory is being constructed) and the entirety of the Vendor’s interest in the Factory pursuant to the Land Use Rights And Building Transfer Agreement
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of directors of the Company
“China”	the People’s Republic of China
“Company”	ANTA Sports Products Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Factory”	the shoe manufacturing factory being constructed upon Parcel 1 and Parcel 2 under the Joint Construction Agreement
“family member”	has the meaning ascribed to this term under the Listing Rules
“Group”	the Company and its subsidiaries
“Joint Construction Agreement”	the joint construction agreement dated 10 July 2020 entered into between the Purchaser and the Vendor to jointly construct and own the Factory
“Land Use Rights And Building Transfer Agreement”	the Land Use Rights And Building Transfer Agreement dated 31 March 2021 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parcel 1”	a parcel of land adjacent to Parcel 2 and situated in Dongshan Village, Chidian Town, Jinjiang City, Fujian Province, China, in which the land use right is owned by Purchaser, and upon which the Factory is being constructed

“Parcel 2”	a parcel of land adjacent to Parcel 1 and situated in Dongshan Village, Chidian Town, Jinjiang City, Fujian Province, China, in which the land use right is owned by the Vendor, and upon which the Factory is being constructed
“Parties”	the Purchaser and the Vendor
“percentage ratios”	has the same meaning ascribed to it under Rule 14.07 of the Listing Rules
“Purchaser”	Quanzhou Dongyida Light Industry Development Co., Limited* (泉州市東禕達輕工發展有限公司), a company incorporated in China and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary shares of the Company
“Shareholders”	holders of the Shares
“subsidiaries”	has the meaning ascribed to this term under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land”	the four land parcels (including Parcel 2, upon which the Factory is being constructed) situated in Dongshan Village, Chidian Town, Jinjiang City, Fujian Province, China with a total area of approximately 39,964 square metres
“Vendor”	Fujian Anta Investment Co., Limited* (福建安踏投資有限公司), a company incorporated in China
“%”	per cent.

* For identification purpose only

By Order of the Board
ANTA Sports Products Limited
Ding Shizhong
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian, Mr. Wu Yonghua and Mr. Zheng Jie; the non-executive director of the Company is Mr. Wang Wenmo; and the independent non-executive directors of the Company are Mr. Dai Zhongchuan, Mr. Yiu Kin Wah Stephen and Mr. Lai Hin Wing Henry Stephen.