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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)**

### **ANNOUNCEMENT**

## **CONTINUING CONNECTED TRANSACTIONS MASTER SERVICES AGREEMENT**

### **BACKGROUND**

Reference is made to the announcements of the Company dated 20 December 2018 and 28 December 2018 in relation to the 2018 MSA.

The 2018 MSA will expire on 31 December 2021. The Group expects, for the three financial years ending 31 December 2022, 2023 and 2024, to continue the 2018 CCTs and enter into certain new recurring transactions similar to the 2018 CCTs with the Family Directors and/or their associates. Therefore, on 15 December 2021, the Company entered into the 2022 MSA with the Family Directors in relation to the provision of the Relevant Services for a term of three years with reference to the terms and conditions of the 2018 MSA.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), is a Director, and thus a connected person of the Company. Therefore, the 2022 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios of the proposed annual caps of the continuing connected transactions contemplated under the 2022 MSA, on an annual basis, are more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the independent Shareholders' approval requirement.

## INTRODUCTION

Reference is made to the announcements of the Company dated 20 December 2018 and 28 December 2018 in relation to the 2018 MSA.

### 2022 MSA

The 2018 MSA will expire on 31 December 2021. The Group expects, for the three financial years ending 31 December 2022, 2023 and 2024, to continue the 2018 CCTs and enter into certain new recurring transactions similar to the 2018 CCTs with the Family Directors and/or their associates. Therefore, on 15 December 2021, the Company entered into the 2022 MSA with the Family Directors in relation to the provision of the Relevant Services for a term of three years with reference to the terms and conditions of the 2018 MSA.

The principal terms of the 2022 MSA are set out below:

Date: 15 December 2021

Parties: (i) The Company;  
(ii) Mr. Ding Shizhong;  
(iii) Mr. Ding Shijia;  
(iv) Mr. Lai Shixian; and  
(v) Mr. Wang Wenmo

Transaction: Each Family Director shall, and shall procure his relevant associates to, provide the Relevant Services to the relevant member(s) of the Group at prevailing market price with reference to the nature and the scope of the Relevant Services provided or to be provided by such Family Director and/or his relevant associates (including but not limited to property location and area, ancillary facilities and equipment, and transportation network, and/or service nature) from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers.

Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors' relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 MSA) entered or to be entered into.

Pricing basis: The rents and/or service fees for the Relevant Services shall be agreed upon from time to time after arm's length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than (i) the fair market rents or market prices of leases or services offered to the Group by independent third-party suppliers that are similar to the Relevant Services; and (ii) the rents and/or service fees charged by the Family Directors and/or their relevant associates against independent third parties for leases or services that are similar to the Relevant Services.

Credit period:	A general credit period of 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent third-party suppliers to the Group in relation to leases or services similar to the Relevant Service, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 MSA.
Termination:	The 2022 MSA may be terminated by any party by giving the other parties a prior written notice of not less than 30 days.
Term:	1 January 2022 to 31 December 2024.

### ***Historical Amounts***

For the two years ended 31 December 2019 and 2020, and the 11 months ended 30 November 2021, rents and service fees for the 2018 CCTs amounted to approximately RMB19 million (equivalent to approximately HKD23 million), RMB19 million (equivalent to approximately HKD23 million) and RMB18 million (equivalent to approximately HKD22 million), respectively. The historical amount of rents and service fees for each of the two years ended 31 December 2019 and 2020 was based on the Group's audited consolidated financial statements for the two years ended 31 December 2019 and 2020, respectively; and the historical amount of rents and service fees for the 11 months ended 30 November 2021 was based on the Group's unaudited management accounts for the 11 months ended 30 November 2021.

### ***Proposed Annual Caps***

The Directors estimate that the maximum transaction amounts with respect to the Relevant Services to be rendered to the Group under the 2022 MSA will not exceed RMB27 million (equivalent to approximately HKD33 million), RMB31 million (equivalent to approximately HKD38 million) and RMB36 million (equivalent to approximately HKD44 million), respectively, for each of the three years ending 31 December 2022, 2023 and 2024.

The above proposed annual caps are determined with reference to:

- (a) the historical transaction amounts of the 2018 CCTs;
- (b) the prevailing market rents of the land, properties and transportation vehicles and the prevailing market prices of services with respect to the Relevant Services;
- (c) the rents of other transportation vehicles and properties, and service fees offered by independent third-party suppliers to the Group in similar transactions on normal commercial terms in the ordinary and usual course of business; and
- (d) the estimated future increase in rents and service fees relating to the Relevant Services.

### ***Internal Controls Measures***

In order to ensure that the transactions under the 2022 MSA are on normal commercial terms or better, the Group has adopted the following measures:

- (a) the Group shall from time to time collect market information from independent third-party suppliers or publicly available information on the prevailing market prices of leases or services offered by independent third parties that are similar to the Relevant Services;
- (b) the Group shall use the market information collected in (a) above to negotiate with the Family Directors and/or their relevant associates on the price of the Relevant Services to ensure that it will be comparable to and no less favourable than the fair market prices of leases or services offered by independent third-party suppliers to the Group that are similar to the Relevant Services;
- (c) the prices of all transactions contemplated under the 2022 MSA shall be reviewed by the Group's relevant department receiving such Relevant Services;
- (d) the implementation of the 2022 MSA will also be monitored by the internal audit department of the Group on a regular basis and it will report relevant findings to the risk management committee of the Company; and
- (e) Director(s) with interest in the relevant transaction(s) shall abstain from voting on the relevant resolution(s).

The Company considers that the above internal control measures are sufficient to ensure that the transactions contemplated under the 2022 MSA will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and its minority Shareholders.

### **REASONS FOR AND BENEFITS OF ENTRY INTO THE 2022 MSA**

The Group has sustained lease agreements and service contracts with the Family Directors and/or their associates for many years for (a) the leases of certain land and properties in Jinjiang, Fujian Province, the PRC, which are occupied by the Group for the production of footwear products and storage of inventories; (b) the leases of properties in the Mainland China which are occupied by the Group for direct retail stores and regional offices; and (c) the leases of transportation vehicles which are used by the Group for business purpose. The Family Directors and/or their associates have also been providing warehouse management services and logistic services to the Group with the relevant leased premises for many years. Given the proven track record under the previous master services agreements and the 2018 MSA, the Company is of the view that the Family Directors and/or their associates are able to meet the Group's requirements on the Relevant Services in respect of quality and price.

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, consider that the continuing connected transactions contemplated under the 2022 MSA are:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better;
- (c) fair and reasonable; and
- (d) in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE GROUP AND ASSOCIATES OF THE FAMILY DIRECTORS**

ANTA brand was established in 1991, and the Company, a leading global sportswear company, was listed on the Main Board of the Stock Exchange in 2007. For many years, the Company has been principally engaging in the design, development, manufacturing and marketing of branded sportswear 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 high-end sportswear markets.

Associates of the Family Directors are individuals and companies principally engaged in the Relevant Services in the Mainland China.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), is a Director, and thus a connected person of the Company. Therefore, the 2022 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios of the proposed annual caps of the continuing connected transactions contemplated under the 2022 MSA, on an annual basis, are more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempted from the independent Shareholders' approval requirement.

The Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), are considered to have a material interest in the transactions contemplated under the 2022 MSA and therefore have abstained from voting on the relevant Board resolutions for approving the 2022 MSA. Save as disclosed above, none of the Directors have a material interest in any of the transactions contemplated under the 2022 MSA and hence no other Director is required to abstain from voting in the relevant Board resolutions.

## DEFINITIONS

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

“2018 CCTs”	continuing connected transactions of the Group contemplated under the 2018 MSA
“2018 MSA”	the existing master services agreement dated 20 December 2018 and expiring on 31 December 2021, as entered into between the Company and Mr. Ding Shijia, in relation to certain leases and services
“2022 MSA”	the master services agreement dated 15 December 2021 entered into between the Company and the Family Directors for the provision of the Relevant Services
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	People’s Republic of China
“Company”	ANTA Sports Products Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange with stock code 2020
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Family Director(s)”	Mr. Ding Shizhong, Mr. Ding Shijia, Mr. Lai Shixian and Mr. Wang Wenmo, each of them is a Director of the Company
“Group”	the Company and its subsidiaries, and “member of the Group” shall mean any of them
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Mainland China”	Mainland of China, geographically excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan region
“percentage ratios”	has the meaning ascribed thereto under the Listing Rules

“Relevant Services”	the leasing of transportation vehicles, land and properties (including leases of land, factory premises, warehouses, staff quarters, retail stores and offices), and provision of warehouse management services and logistic services by the Family Directors and/or their relevant associates to the Group subject to the terms and conditions of the 2022 MSA
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*For illustration purpose in this announcement, amounts in RMB have been translated into HKD at the rate of RMB1 = HKD1.213*

By order of the Board  
**ANTA Sports Products Limited**  
**Ding Shizhong**  
*Chairman*

Hong Kong, 15 December 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, Mr. Zheng Jie and Mr. Bi Mingwei; 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, Mr. Lai Hin Wing Henry Stephen and Ms. Wang Jiaqian.*