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)

VOLUNTARY ANNOUNCEMENT

NEW BUSINESS MODEL - DIRECT TO CONSUMER FOR ANTA BRAND BUSINESS IN CERTAIN REGIONS IN CHINA

This announcement is published on a voluntary basis by the board of directors (the "**Board**") of ANTA Sports Products Limited (the "**Company**", together with its subsidiaries, the "**Group**") to provide information on the new direct to consumer business model for ANTA brand business in certain regions in China.

ANTA BRAND NEW BUSINESS MODEL - DIRECT TO CONSUMER

The Group's ANTA brand business has adopted a wholesale distribution model in the China market for more than 20 years and this model has been effective in promoting the ANTA brand business through a nationwide coverage that can fulfill different local business cultures and consumer preferences, which can be well catered by distributors with strong regional network and local resources. However, as consumer habits are changing rapidly, enterprises need to proactively change and transform in order to deal with external uncertainties. Being able to turn crisis into opportunities and adapt to changes allow enterprises to achieve sustainable high-quality growth. The Group believes changing ANTA brand business model from wholesale distribution model to direct to consumer model can bring the following advantages:

1. The Group's FILA brand business adopts a direct retail model for a majority of its stores, and has accumulated substantial experience in direct retail. The Group has also built up relevant systems in six major functions, namely retail, channel, product, finance, human resources and logistics. Adopting direct to consumer model for ANTA brand business allows direct retail stores to order, replenish and redirect inventories directly from logistic center with greater synergy. At the same time, making use of big data analysis provided by the Group's existing digital platform, the Group is able to analyze real-time operation data of all the stores nationwide, achieving nationwide flexibility in inventory distribution among direct retail stores;

2. Direct to consumer model can align “Consumer, Products and Sales Channels”, and further improve operation and management efficiency. It can quickly unify operating standards regarding customer experience, products and channels among the stores, build up digital operating system, and improve decision making about product planning, product screening and delivery. It can also improve product turnover efficiency, maximise retail sales value with a minimum amount of inventories and achieve seamless integration of online and offline businesses;

3. Direct to consumer model can achieve better channel cost efficiency by allowing a leaner channel structure. The reduced channel cost could benefit consumers, as such resources can be reallocated to develop professional sports products with “better technology, better quality at a reasonable price”. Meanwhile, ANTA brand will accelerate mega store opening in key cities nationwide, including experience stores and flagship stores, upgrade ANTA brand stores quality as a whole and achieve refined management in store operating standards and management capabilities; and

4. From a mid-to-long term perspective, the Group will benefit from direct to consumer model by building up a retail talent team, ANTA brand will recruit suitable talents with competitive remuneration package, strengthen retail skillset training, establish a promotion track under the principle of survival of the fittest, and be more systematic in building up talent reserve and training talents.

At the first stage, the Group would launch a hybrid operation model with a combination of ANTA brand stores directly operated by the Group and ANTA brand stores operated by franchisees in 11 regions in China, namely Changchun, Changsha, Chengdu, Chongqing, Guangdong, Kunming, Nanjing, Shanghai, Wuhan, Xian and Zhejiang, and would end the cooperation with local distributors in these regions. Such regions are chosen based on a number of factors including their contribution to the ANTA brand business, historical and recent performance of ANTA brand stores in these regions, strategic value of particular markets, long-term planning of the Group, and negotiation with relevant distributors. The Group will evaluate the performance of regions adopting the hybrid operation model and other regions retaining the wholesale distribution model, to formulate strategy for optimal timing and planning for the next stage.

ARRANGEMENT WITH DISTRIBUTORS AND TERMINATION OF DISTRIBUTORSHIP AGREEMENTS

As part of the change in business model for ANTA brand business, on 25 August 2020, the Group entered into a memorandum of understanding (the “**MOU**”) with each of the relevant distributors for the aforesaid regions (the “**Distributors**”) respectively, which sets out, among other things, principles to be adopted for the termination of distribution agreement with such Distributors and matters related to the ANTA brand business (the “**Termination**”), including acquisition of certain assets relating to the ANTA brand stores currently operated by the Distributors, sales returns for ANTA brand products held by the Distributors and compensations payable to the Distributors in respect of their involvement in transition and coordination.

The Group will acquire certain assets which are necessary for the operation of the ANTA brand stores currently directly operated by the Distributors, mainly consisting of fixtures and equipment in such stores.

As part of the arrangement for the Termination, the Group would allow sales returns for ANTA brand products held by the Distributors. The return price is not expected to be higher than the original price that the Group previously sold such ANTA brand products to the Distributors. The sales return would be reflected in the financial performance of the Group for the second half of the financial year ending 31 December 2020.

For leases and employees of the ANTA brand stores currently directly operated by the Distributors, the Distributors would assist the Group in entering into new leases with the landlords and new employment contracts with employees, but the Group would not be responsible for any liabilities under the existing leases or employment contracts entered into by the Distributors. The Group will decide which ANTA brand stores in a particular region shall be operated by the Group directly or by a franchisee, and whether the relevant staff are suitable for the new business model, based on a number of factors including past performance of such stores and staff.

The aggregate amount involved in the Termination is estimated at approximately RMB2.0 billion, with around 80% to 90% related to the sales return of ANTA brand products, and would be settled by the internal resources of the Group.

Approximately 3,500 ANTA brand stores in aggregate will be involved, representing around 35% of ANTA brand stores in China as of 30 June 2020. The work related to the Termination will take about 6 to 9 months to complete, and in batches. After the Termination is completed, it is expected that:

1. Approximately 60% of the aforesaid approximately 3,500 stores will be directly operated by the Group and 40% will be operated by franchisees under the ANTA brand operating standards; and

2. All existing distributorship agreements with each of the Distributors will be terminated. Distributors will terminate all existing franchise agreements with their franchisees, and the Group will enter into new franchise agreements with franchisees.

As at the date of this announcement, none of the Distributors and their respective ultimate beneficial owners are a connected person(s) (within the meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") of the Company. The transactions described above do not constitute any notifiable transactions or connected transactions of the Company pursuant to chapter 14 or 14A of the Listing Rules.

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

Hong Kong, 25 August 2020

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. Yiu Kin Wah Stephen, Mr. Mei Ming Zhi and Mr. Dai Zhongchuan.