

**ANTA SPORTS PRODUCTS LTD:  
TRY TO CHEW ON THIS CRAP !**

There are at least 3 glaring aspects about the recent flotation of ANTA Sports Products Ltd () (Code: 2020, Main Board, The Stock Exchange of Hongkong Ltd) that, logically, should be of concern to prospective investors, in **TARGET**'s opinion:

- (a) The Company has had to rely on very material, unsecured, interest-free loans from the Controlling Shareholders, during the 2005 and 2006 Financial Years;
- (b) The Company suffered a Loss Attributable to Shareholders in the 2004 Financial Year; and,
- (c) The Offer Price of the Shares at \$HK5.28 equates to a Price-Earnings Multiple of about 33 times.

ANTA Sports pitched its story in its Global Offering Prospectus, dated June 26, 2007, when it Offered 600 million, 10-cent Shares at the Maximum Offer Price Per Share of \$HK5.28.

Only 60 million Shares were Offered to prospective investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), with 540 million Shares, being Offered to institutional investors.

At Page 175 of the Prospectus, it is stated that the Company wanted to raise about \$HK2.75 billion for the following purposes:

1. \$HK1.10 billion to be used '*for organizing trade fairs, brand promotion, sponsorship of major sports leagues and events, media advertising (such as television commercials, outdoor displays and magazine advertising), marketing campaigns and activities and endorsements of up-and-coming athletes*';
2. \$HK550 million '*for renovation costs, display equipment and rental deposits for opening retail outlets under the authorized international sportswear brands, opening retail sports complexes and setting up ANTA flagship stores in major cities in China*';
3. \$HK440 million to be used for developing regional sales offices;
4. \$HK250 million to be used to acquire land use rights in the PRC, the purchases of plant and machinery, furniture and fixtures, and the construction of some staff quarters;
5. \$HK70 million to be used to establish a new information management system;
6. \$HK70 million '*for investing in advanced testing and scientific equipment, recruiting experts and designers and engaging consultancy firms and universities for enhancing our sports science and raw material research, product testing, innovation and development and design capabilities, and for applying for intellectual property rights and licences for new technological know-how*

...'; and,

7. \$HK266 million to be used as Working Capital.

In respect of Point Number One and Point Number 6, **TARGET** () has but one comment: Codswallop!

ANTA Sports's ... [CLICK TO ORDER FULL ARTICLE](#)

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*