

Markets

Short Seller Aandahl Targets China Apparel-Maker Anta Sports

By Tom Redmond

May 30, 2019, 3:02 PM GMT+8

Updated on May 31, 2019, 8:29 AM GMT+8

- Blue Orca founder questions accounting, shares slumped
- Anta says report is factually inaccurate and misleading



A shopper looks at a display of Anta Sports Products sports shoes in Beijing. Photographer: Natalie Behring/Bloomberg

Short seller Soren Aandahl targeted [Anta Sports Products Ltd.](#) with a critical report, sending shares of China's biggest athletic-apparel maker plunging the most in 15 months.

The founder of Blue Orca Capital questioned the Hong Kong-listed company's accounting and corporate governance in a presentation at the 2019 Sohn Conference in Hong Kong Thursday. The stock may fall as much as 34%, he said.

Anta shares slumped as much as 13% in Hong Kong afternoon trading after Aandahl talked about his pick. The shares pared most of those losses, closing 5.5% lower at HK\$46.95. The stock was up almost 32% this year through Wednesday, on optimism following the company's \$5.2 billion deal in December to acquire Amer Sports Oyj, though it has slipped over the past month amid escalating trade tension between China and the U.S.

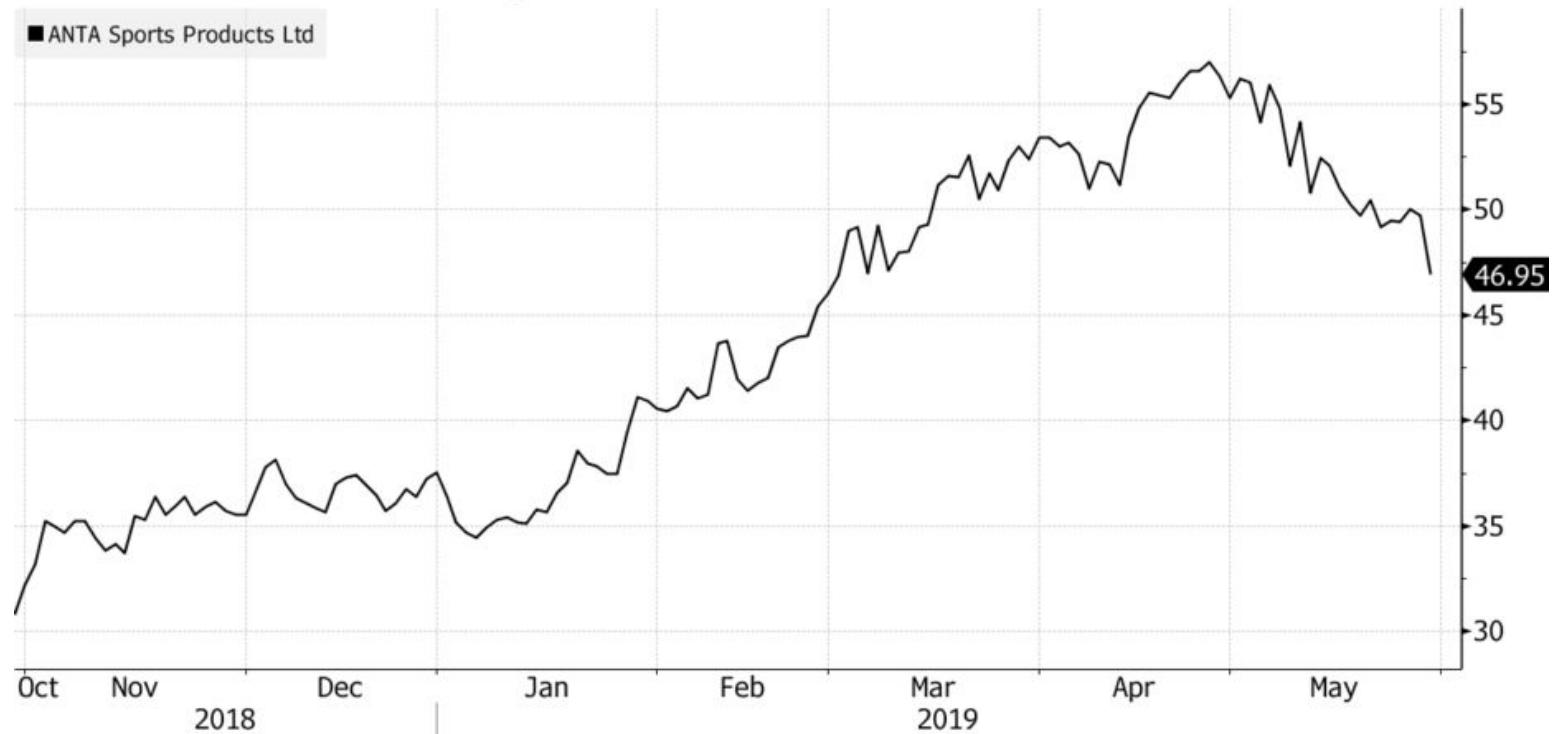
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Anta said in a statement to the stock exchange on Friday morning that allegations in the report are “inaccurate and misleading,” and that the company may take legal action against Blue Orca.

The short seller report “may be intended specifically to undermine confidence in the company and its management, and to harm its reputation,” the statement said.

Separately, it said Friday morning that yoga apparel brand Lululemon Athletica Inc.’s founder, Dennis Wilson, had subscribed to HK\$778 million (\$99 million) worth of shares through an investment vehicle, in a vote of confidence likely negotiated before the short seller report.

A Sporting Chance Anta reached an all-time high last month after Amer deal



Source: Bloomberg

Anta has cornered the affordable segment of the sports apparel market in China, tapping into the growing interest in healthy lifestyles among the nation’s consumers. China’s sportswear market will reach \$43 billion this year, double the 2014 level, according to Euromonitor International.

Anta Sports last year agreed to acquire Finland’s Amer, the maker of Wilson tennis rackets, as it sought acquisitions of well-established global brands to increase its business overseas. Amer, whose brands include Salomon ski boots and Atomic winter equipment, was an attractive prospect to capitalize on the coming Olympic Games in Asia.

Aandahl’s warning is at odds with most analysts who cover Anta. According to data compiled by Bloomberg, 31 out of 38 analysts rate Anta a buy, and they on average expect it could gain another 20% in the next 12 months.

“We believe there should be a corporate-governance discount to the multiple at which it trades,” Aandahl said during his Thursday presentation.

The short seller has made an impact on other companies in the past. At last year’s conference, Aandahl doubled down on his attack on luggage-maker Samsonite International SA, expressing concerns about the chief executive officer’s credentials and the company’s corporate governance. Shortly after, Ramesh Tainwala stepped down as CEO in a dramatic victory for the short seller. The stock is down more than 35% in the past year.

— With assistance by April Ma

(Updates with company response.)

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