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Xtep International Holdings Limited
特步國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1368)

PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF
NEW SHARES UNDER THE GENERAL MANDATE

Placing Agents



THE PLACING AND SUBSCRIPTION AGREEMENT

On 29 March 2019 (before trading hours of the Stock Exchange), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement pursuant to which: (a) the Vendor has agreed to appoint the Placing Agents, and the Placing Agents have agreed, to procure, as agents of the Vendor, on a several basis, purchasers to purchase, or failing which, to purchase itself, an aggregate of 247,078,000 existing Shares at the Placing Price; and (b) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, an aggregate of 247,078,000 new Shares at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement. The Placing is conditional on certain termination events upon the occurrence of which the Placing will not proceed to completion unless otherwise waived by the Placing Agents. The Subscription is subject to certain conditions set out below under the paragraph headed “Conditions of the Subscription” below.

The Placing Price is HK\$5.56 per Share (exclusive of stamp duty, brokerage, Stock Exchange trading fees and SFC transaction levies).

The number of the Subscription Shares (being equivalent to the number of the Sale Shares) represents: (a) approximately 11.01% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 9.92% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate granted to the Directors to allot, issue and deal with Shares by resolution of the shareholders of the Company passed at the AGM. Under such General Mandate, the Company is authorised to issue up to 446,960,000 Shares. Save for the Subscription Shares, no Shares have been issued under the General Mandate as of the date of this announcement since it was granted. The Subscription is not subject to approval by the Shareholders of the Company.

USE OF PROCEEDS

As mentioned in the Company's Annual Report 2018, the Group continues to look into developing a multi-brand portfolio group through mergers and acquisition and collaborations with international brands. The Company presently intends to use the net proceeds from the Subscription: (a) to finance potential acquisition of international sportswear brands; (b) overseas expansion and/or (c) as general working capital of the Group.

The completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Placing and Subscription Agreement. As the completion of the Subscription may or may not take place, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 29 March 2019 (entered into before trading hours)

Parties:

- (a) The Vendor;
- (b) The Company; and
- (c) The Placing Agents.

The Vendor

As at the date of this announcement, the Vendor holds an aggregate of 1,310,059,500 Shares, including the Sale Shares, representing approximately 58.36% of the total number of Shares in issue as at the date of this announcement.

The Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agents and their ultimate beneficial owners: (a) are independent of, and not connected with, the Vendor, the Company and their respective associates and connected persons; and (b) is independent of, and not acting in concert with, the Vendor, their respective associates and persons acting in concert with the Vendor.

Details of the Placing the Subscription are set out below:

(1) PLACING

The Placing and the Number of the Sale Shares

The Vendor has agreed to appoint the Placing Agents, and the Placing Agents have agreed, to procure, as agents of the Vendor, on a several basis, purchasers to purchase, or failing which, to purchase itself an aggregate of 247,078,000 existing Shares at the Placing Price, in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

Placees

The choice of the Placees for the Sale Shares is determined solely by each Placing Agent after consultation with the Company, subject to the requirements of the Listing Rules. It is expected that the Sale Shares will not be placed to: (i) any connected person of the Company; or (ii) any person who is not an Independent Person.

It is also expected that the Sale Shares will be placed to not less than six Placees which are professional, institutional and/or other investors.

The Vendor and the Company have not been, and will not be, involved in screening or selecting any of the Placees unless such involvement is strictly limited to due diligence enquiries by any Placing Agent regarding the independence of the Placees.

Immediately after the completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price is HK\$5.56 per Share (exclusive of stamp duty, brokerage, Stock Exchange trading fees and SFC transaction levies).

The Placing Price has been determined with reference to the prevailing market price of the Shares and has been negotiated on an arm's length basis among the Company, the Vendor and the Placing Agents. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights of the Sale Shares

The Sale Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at the Transaction Date, including the right to receive all dividends declared, made or paid on or after the date of the Placing and Subscription Agreement.

Lock Up Undertakings

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to the Placing Agents that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement), for the period of 90 days from the Closing Date, it will not, and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will: (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above, unless with the prior written consent of the Placing Agents.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Placing Agents, and the Vendor has undertaken to the Placing Agents to procure, that for the period of 90 days from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to: (a) the terms of any employee share option scheme of the Company; or (b) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association: (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect any such transactions with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Placing Agents.

Expenses

Under the Placing and Subscription Agreement, all costs and expenses incurred by the Vendor (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) in connection with the Placing, the Subscription and the consummation of the transactions contemplated by the Placing and Subscription Agreement shall be borne by the Company. Such costs and expenses will, to the extent paid by the Vendor before the completion of the Subscription, be deducted from the aggregate Subscription Price payable by the Vendor at the completion of the Subscription.

Completion of the Placing

Completion of the Placing is expected to take place on the Closing Date.

(2) THE SUBSCRIPTION

Subscriptions Shares

The Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, an aggregate of 247,078,000 new Shares (being equivalent to the number of the Sale Shares sold by the Vendor pursuant to the Placing) at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Subscription Shares represents: (a) approximately 11.01% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 9.92% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Rights and Ranking of the Subscription Shares

The Subscription Shares will, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

General Mandate to Issue the Subscription Shares

The issue of the Subscription Shares is not subject to the approval of the Shareholders. The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by the resolution of the Shareholders passed at the AGM which authorised the Directors to allot and issue a maximum of 446,960,000 Shares. As at the date of this announcement: (a) no portion of the General Mandate has been utilised; (b) the Company has not allotted and issued any Shares pursuant to the General Mandate; and (c) the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last thirty (30) days prior to the date of this announcement.

The Subscription Price

The Subscription Price is the same as the Placing Price.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agents. The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are expected to be approximately HK\$1,374 million. The net proceeds from the Subscription (after deducting all costs and expenses incurred by the Vendor and to be borne by the Company, and other expenses incurred by the Company (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy), in connection with the Placing and the Subscription) are expected to be approximately HK\$1,355 million. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$5.48.

Conditions of the Subscription

The completion of the Subscription is conditional upon: (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares under the Placing and Subscription Agreement); and (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares. The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day after the date upon which the last of the conditions of the Subscription has been satisfied (or such other time and/or date as the Vendor and the Company may agree in writing), provided that it shall take place on a date no later than a date falling fourteen (14) days after the date of the Placing and Subscription Agreement.

Under Rule 14A.92(4) of the Listing Rules, the Subscription must be completed no later than a date falling fourteen (14) days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders (being Shareholders other than the Vendor, their respective ultimate beneficial owners and their respective associates).

Termination Events

The Placing Agents may terminate the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company at any time up to 8:00 a.m. (Hong Kong time) on the Closing Date if at any time prior to such time:

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the opinion of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
 - (b) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agents is or would be materially adverse to the success of the Placing; or

- (c) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- (d) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or United States declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States; or
- (e) a change or development involving a prospective change in Taxation which constitutes a material adverse effect on the Group as a whole or the Sale Shares or the transfer thereof; or
- (f) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war; or
- (g) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
- (h) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances at any time prior to the Closing Date; or
- (ii) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or

- (iii) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agents is materially adverse to the success of the Placing.

Without prejudice to any other provisions of the Placing and Subscription Agreement, the Placing Agents shall have the right exercisable at any time by notice in writing to the Vendor and the Company to terminate the Placing and Subscription Agreement if any of the Sale Shares are not delivered by or on behalf of the Vendor in accordance with the terms of the Placing and Subscription Agreement.

In the event that the Placing Agents terminate the Placing and Subscription Agreement in accordance with its terms, all obligations of each of the parties under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing and Subscription Agreement, except for: (a) any antecedent breach of any obligation under the Placing and Subscription Agreement; and (b) liabilities in relation to the payment of fees, commission, expenses and indemnity pursuant to the terms of the Placing and Subscription Agreement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors have considered various ways of raising funds and consider that it would be in the interests of the Company to raise equity funding through the Placing and the Subscription to broaden its shareholder base, strengthen the Group's capital base and enhance its financial position and net assets base for long-term development and growth.

The Directors (including the independent non-executive Directors) consider that the Placing Price, the Subscription Price and the terms and conditions of the Placing and Subscription Agreement (including the Placing Agents' commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

The Company, the Vendor, Mr. Ding Shui Po, Ms. Ding Mei Qing, Mr. Ding Ming Zhong and Ms. Ding Lizhi has been acting in concert with each other in respect of the Company for at least 12 months immediately preceding date of the Placing and the Subscription Agreement.

As a result of the Placing, the aggregate percentage shareholding of the Vendor and the persons acting in concert with them in respect of the Company will reduce from approximately 63.19% to approximately 52.18% (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing) and, as a result of the Subscription, their aggregate percentage shareholding will increase from approximately 52.18% (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing) to approximately 56.92% (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Company, the Vendor, Mr. Ding Shui Po, Ms. Ding Mei Qing, Mr. Ding Ming Zhong and Ms. Ding Lizhi has also confirmed that, as at the date of this announcement, the Vendor, together with persons acting in concert with them in respect of the Company, have continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding date of the Placing and the Subscription.

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with it, have continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction.

Given the Vendor, together with persons acting in concert with them in respect of the Company, have continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Placing and Subscription Agreement, a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code is not required for the Subscription.

USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately HK\$1,374 million. The net proceeds from the Subscription (after deducting all costs and expenses incurred by the Vendor and to be borne by the Company, and other expenses incurred by the Company (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy), in connection with the Placing and the Subscription) are expected to be approximately HK\$1,355 million.

The Company and its subsidiaries are principally engaged in the design, development, manufacturing and marketing of sportswear, including footwear, apparel and accessory products, sold mainly under the self-owned Xtep brand.

As mentioned in the Company's Annual Report 2018, the Group continues to look into developing a multi-brand portfolio group through mergers and acquisition and collaborations with international brands. The Company presently intends to use the net proceeds from the Subscription: (a) to finance potential acquisition of international sportswear brands; (b) overseas expansion and/or (c) as general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activities in the twelve (12) months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Vendor holds an aggregate of 1,310,059,500 Shares (representing approximately 58.36% of the total number of Shares in issue as at the date of this announcement). Upon the completion of the Placing, the Vendor will hold an aggregate of 1,062,981,500 Shares (representing approximately 47.35% of the total number of Shares in issue upon the completion of the Placing assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing). Upon the completion of the Subscription, the Vendor will hold an aggregate of 1,310,059,500 Shares (representing approximately 52.57% of the enlarged total number of Shares in issue upon the completion of the Subscription assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Assuming that all the Sale Shares are placed under the Placing and Subscription Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholding structure of the Company before and after the Placing and the Subscription will be as follows⁽¹⁾:

	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Vendor ⁽²⁾	1,310,059,500	58.36%	1,062,981,500	47.35%	1,310,059,500	52.57%
Mr. Ding Shui Po ⁽²⁾	34,915,000	1.56%	34,915,000	1.56%	34,915,000	1.40%
Mr. Ho Yui Pok, Eleutherius ⁽⁴⁾	400,000	0.02%	400,000	0.02%	400,000	0.02%
Mr. Tan Wee Seng ⁽⁴⁾	180,000	0.01%	180,000	0.01%	180,000	0.01%
Henley Hope Limited ⁽⁵⁾	73,425,000	3.27%	73,425,000	3.27%	73,425,000	2.95%
Placees	–	–	247,078,000	11.01%	247,078,000	9.92%
Other public Shareholders	825,700,500	36.78%	825,700,500	36.78%	825,700,500	33.13%
Total	2,244,680,000	100.00%	2,244,680,000	100.00%	2,491,758,000	100.00%

Notes:

- (1) This table does not take into account any Shares that may be issued pursuant to the exercise of any options granted under any existing share option schemes of the Company, during the relevant period or time above-mentioned.
- (2) Each of Mr. Ding Shui Po, Ms. Ding Mei Qing and Mr. Ding Ming Zhong established a family trust (each, a “Family Trust” and collectively, the “Family Trusts”) for the benefit of himself/herself and their respective family members. UBS Trustees (BVI) Limited is the trustee of the Family Trusts and, through its nominee UBS Nominees Limited, holds the entire issued share capital of each of Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited as the respective trust assets under the Family Trusts. Each of Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited is deemed to be interested in shares held by the Vendor by virtue of the Vendor being 100% held by Wan Xing International Holdings Limited, which is in turn held as to 55%, 35% and 10% by Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited, respectively.
- (3) Mr. Ding Shui Po, an executive Director and the chairman of the Company, is also beneficially interested in 34,915,000 Shares of the Company.

- (4) Mr. Ho Yui Pok, Eleutherius and Mr. Tan Wee Seng are both Directors.
- (5) Henley Hope Limited is wholly owned by Ms. Ding Lizhi, a daughter of Mr. Ding Shui Po, an executive Director and the chairman of the Company.

The completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Placing and Subscription Agreement. As the completion of the Subscription may or may not take place, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

TERMS AND DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company held on 7 May 2018
“Annual Report 2018”	the Company’s annual report of the year ended 31 December 2018
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Closing Date”	two Business Days after the Transaction Date or such other date as the Vendor and the Placing Agents may agree in writing
“Company”	Xtep International Holdings Limited (特步國際控股有限公司), a company incorporated in Cayman Islands with limited liability whose Shares are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the shareholders of the Company at the AGM to allot, issue and deal with up to 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of the AGM

“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Person(s)”	means those persons who are independent of and not acting in concert (as defined under the Takeovers Code) with any of the Vendor or any of its or the Group’s directors (as defined in the Listing Rules), chief executive or substantial shareholders (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules)
“Last Trading Day”	28 March 2019, being the last trading date for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange for the time being in force
“Placee(s)”	any professional, institutional and other investors whom any Placing Agent has procured to purchase any of the Sale Shares pursuant to its obligations under the Placing and Subscription Agreement
“Placing”	the placing to the Placees procured by the Placing Agents of the Sales Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing Agents”	Credit Suisse (Hong Kong) Limited, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contract), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO and UBS AG Hong Kong Branch, a registered institution under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
“Placing and Subscription Agreement”	the agreement dated 29 March 2019 entered into between the Vendor, the Company and the Placing Agents in relation to the Placing and the Subscription

“Placing Price”	HK\$5.56 per Share, as determined in accordance with the terms of the Placing and Subscription Agreement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	the 247,078,000 Shares to be sold by the Vendor pursuant to the Placing and Subscription Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the time being in force
“Share(s)”	the issued ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor of the Subscription Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Subscription Price”	HK\$5.56 per Share, which is equal to the Placing Price
“Subscription Shares”	247,078,000 new Shares to be issued by the Company to the Vendor under the Subscription
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers as approved by the SFC for the time being in force
“Transaction Date”	29 March 2019 (or if dealings in the Shares on the Stock Exchange are suspended at all times on 29 March 2019, the first day on which dealings resume and the cross-date can be reported to the Stock Exchange in accordance with its rules) or such other date as the Vendor and the Placing Agents may agree in writing

“Vendor” Group Success Investments Limited (群成投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 23 February 2007, and is wholly owned by Wan Xing International Holdings Limited, which is in turn ultimately owned as to 55% by Mr. Ding Shui Po’s family trust, 35% by Ms. Ding Mei Qing’s family trust and 10% by Mr. Ding Ming Zhong’s family trust

“%” per cent

By order of the Board of
Xtep International Holdings Limited
Ding Shui Po
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the executive Directors are Mr. DING Shui Po, Ms. DING Mei Qing, and Mr. DING Ming Zhong; the non-executive Director is Mr. HO Yui Pok, Eleutherius; and the independent non-executive Directors are Mr. TAN Wee Seng, Dr. GAO Xiao Feng and Dr. BAO Ming Xiao.