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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)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

On 9 October 2020 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and allot, and the Subscriber has agreed to subscribe for, 5,000,000 Subscription Shares at the Subscription Price of HK\$2.48 per Subscription Share.

The Subscription Price of HK\$2.48 per Subscription Share represents:

- (i) a discount of approximately 1.20% to the closing price of HK\$2.51 per Share as quoted on the Stock Exchange on 9 October 2020, being the date of the Subscription Agreement; and
- (ii) the equivalence to the average closing price of approximately HK\$2.48 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreement.

The 5,000,000 Subscription Shares represent approximately 0.20% of the issued share capital of the Company of 2,519,440,501 Shares as at the date of this announcement, and approximately 0.20% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The gross and net proceeds from the Subscription are expected to be approximately HK\$12.4 million and HK\$12.4 million, respectively. It is intended that the net proceeds from the Subscription will be used in the development of the Group's products.

The Subscription is not subject to the Shareholders' approval as the Subscription Shares will be issued pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 8 May 2020.

Shareholders and potential investors of the Shares should note that the Subscription is subject to the fulfillment of condition(s) and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

9 October 2020

Parties

- (a) the Company; and
- (b) the Subscriber

The Subscriber is a spokesperson for the Group's Xtep brand. Immediately prior to the entering into of the Subscription Agreement, the Subscriber was not interested in any Shares.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is a third party independent of and not connected with the Company and its connected persons. Neither the Subscriber nor his associates will become a substantial shareholder of the Company as a result of the completion of the Subscription.

The Subscription

The Company has conditionally agreed to issue and allot, and the Subscriber has agreed to subscribe for, 5,000,000 Subscription Shares at the Subscription Price of HK\$2.48 per Subscription Share.

Number of Subscription Shares

The 5,000,000 Subscription Shares represent approximately 0.20% of the issued share capital of the Company of 2,519,440,501 Shares as at the date of this announcement, and approximately 0.20% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The aggregate nominal value of 5,000,000 Subscription Shares is HK\$50,000.

Subscription Price

The Subscription Price of HK\$2.48 per Subscription Share was agreed after arm's length negotiations between the Company and the Subscriber, with reference to, among other things, the recent trading prices of the Shares on the Stock Exchange.

The Subscription Price of HK\$2.48 per Subscription Share represents:

- (i) a discount of approximately 1.20% to the closing price of HK\$2.51 per Share as quoted on the Stock Exchange on 9 October 2020, being the date of the Subscription Agreement; and
- (ii) the equivalence to the average closing price of approximately HK\$2.48 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreement.

Condition of the Subscription

Completion of the Subscription is conditional upon the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Subscription Shares under the Subscription Agreement.

If the above condition is not fulfilled on or before 8:00 a.m. on 23 October 2020 (or such later date as may be agreed between the Subscriber and the Company), the Subscription Agreement shall lapse and become null and void and the parties to the Subscription Agreement shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Completion of the Subscription

Completion of the Subscription shall take place within one business day after the fulfillment of the condition set out in the Subscription Agreement (or such other date as the Company and the Subscriber may agree).

Lock-up Undertaking

Pursuant to the terms of the Subscription Agreement, the Subscriber undertakes, inter alia, that he shall not (unless with the prior written consent from the Company) directly or indirectly dispose of, transfer or encumber the Subscription Shares or transfer the economic interests or beneficial ownership of the Subscription Shares for a period of one year immediately after the completion of the Subscription (the “**First Year Period**”), and he shall not (unless with the prior written consent from the Company) directly or indirectly dispose of, transfer or encumber any of the Subscription Shares or transfer the economic interests or beneficial ownership of the Subscription Shares to the extent that he will own less than 50% of the number of the Subscription Shares for another year immediately after the expiry of the First Year Period.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

Application for listing

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Subscription Shares.

GENERAL MANDATE

The Subscription is not subject to the Shareholders’ approval as the Subscription Shares will be issued pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 8 May 2020. This general mandate provides that the Directors may issue and allot up to 502,488,944 new Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution.

As at the date of this announcement, no Share has been issued pursuant to the said general mandate.

INFORMATION OF THE GROUP AND THE SUBSCRIBER

The Company and its subsidiaries are principally engaged in the design, development, manufacturing, sales and marketing and brand management of sportswear, including footwear, apparel and accessories, sold mainly under the Xtep brand.

The Subscriber is a famous artist in Greater China. He has also been the Xtep brand spokesperson for more than a decade.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Directors consider that the Subscription will offer an opportunity to broaden the Company's capital and shareholder base. It will also strengthen the Group's relationship with the Subscriber who has been the Group's Xtep brand spokesperson for more than a decade. The Group intends to further collaborate with the Subscriber in the design and marketing of a new Subscriber's series of sports products.

The gross and net proceeds from the Subscription will be approximately HK\$12.4 million and HK\$12.4 million, respectively. It is intended that the net proceeds from the Subscription will be used in the development of the Group's products.

The net Subscription Price will be approximately HK\$2.48 per Subscription Share.

The terms of the Subscription Agreement (including the Subscription Price) were determined after arm's length negotiations between the Company and the Subscriber. The Directors (including the independent non-executive Directors) consider that the Subscription is on normal commercial terms, and the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the 12 months immediately prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

Assuming there will be no other changes in the issued Shares between the date of this announcement and the completion of the Subscription, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscription, are as follows:

Shareholders	As at the date of this announcement		Upon completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
UBS Trustees (BVI) Limited ⁽²⁾	1,310,059,500	51.99	1,310,059,500	51.89
Mr. Ding Shui Po ⁽³⁾	60,675,000	2.42	60,675,000	2.41
Mr. Tan Wee Seng ⁽⁴⁾	180,000	0.01	180,000	0.01
Henley Hope Limited ⁽⁵⁾	73,425,000	2.91	73,425,000	2.91
The Subscriber	—	—	5,000,000	0.20
Other public Shareholders	<u>1,075,101,001</u>	<u>42.67</u>	<u>1,075,101,001</u>	<u>42.58</u>
Total	<u>2,519,440,501</u>	<u>100.00</u>	<u>2,524,440,501</u>	<u>100.00</u>

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 67%, 21% and 12% 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 60,675,000 Shares.
4. Mr. Tan Wee Seng is a Director of the Company.
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 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.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Xtep International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 1368
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Nicholas Tse

“Subscription”	the subscription for, and allotment of, 5,000,000 Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber dated 9 October 2020 in relation to the Subscription
“Subscription Price”	HK\$2.48 per Subscription Share
“Subscription Shares”	5,000,000 Shares to be subscribed for by the Subscriber pursuant to the Subscription Agreement
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 9 October 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Ding Shui Po, Ms. Ding Mei Qing and Mr. Ding Ming Zhong; and the independent non-executive Directors of the Company are Mr. Tan Wee Seng, Dr. Gao Xian Feng and Dr. Bao Ming Xiao.