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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF COMMERCIAL UNITS AT THE PROPERTY

Reference is made to the announcements of Xtep International Holdings Limited dated 5 February 2021 and 9 February 2021 in relation to the Proposed Acquisition.

The Board is pleased to announce that on 16 August 2021 (after trading hours), 57 Commercial Units Formal Sales Agreements and the Supplemental Agreement were entered into between the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor in relation to the acquisition of 57 commercial units located at the Property (constituting the entire building of the Property).

Carpark Formal Sales Agreements will be entered into between the Purchaser and the Vendor at a later date as agreed between the parties. The Company will issue further announcement in accordance with the requirements of the Listing Rules when the Carpark Formal Sales Agreements are being entered into.

Based on the maximum of the Total Consideration payable under the Commercial Units Formal Sales Agreements and the Carpark Formal Sales Agreements which shall be aggregated, one or more of the applicable percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules as calculated on the date of the Letter of Intent exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Reference is made to the announcements of Xtep International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 5 February 2021 and 9 February 2021 in relation to the Proposed Acquisition (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used shall have the same meanings ascribed to them in the Announcements.

The Board is pleased to announce that on 16 August 2021 (after trading hours), 57 formal sales agreements (the “**Commercial Units Formal Sales Agreements**”) and a supplemental agreement (the “**Supplemental Agreement**”) were entered into between the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor in relation to the acquisition of 57 commercial units located at the Property (constituting the entire building of the Property) (the “**Commercial Units Acquisition**”).

Commercial Units Formal Sales Agreements and the Supplemental Agreement

Date: 16 August 2021

Parties: (a) The Vendor; and
(b) The Purchaser (a wholly-owned subsidiary of the Company)

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the ultimate beneficial owner of the Vendor is Shanghai United Media Group (上海報業集團), a state-owned media company in the PRC.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquires and based on the information provided by the Vendor, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Subject matter: The Vendor shall sell and the Purchaser shall acquire, without any encumbrance, all the rights, benefits and interests of and in the 57 commercial units in the Property which is situated on the land which is legally and beneficially owned by the Vendor as at the date of this announcement. The 57 commercial units are for commercial purpose only and constitute the entire building of the Property.

These commercial units are intended to be used as an operation centre of the Group in Shanghai which will include offices and showrooms.

Property Consideration: The Property Consideration for the 57 commercial units is approximately RMB439,600,000 in aggregate. The final Property Consideration shall be determined in accordance with the actual total floor area of the Property based on an area measurement report to be issued by a recognised surveying institution, provided that any upward adjustment to the Property Consideration shall be capped at 3% of the Property Consideration. Such report shall be provided by the Vendor to the Purchaser before the delivery of the commercial units.

The Property Consideration shall be paid in cash by way of three installments according to the terms of the Commercial Units Formal Sales Agreements.

The Property Consideration will be funded by internal resources of the Group and/or mortgage.

The Deposit: The Deposit in the amount of RMB10,000,000 had been paid to the Vendor by the Purchaser after signing of the Letter of Intent and shall be applied towards the first payment of the Property Consideration.

Basis of the Property Consideration: The Property Consideration has been determined after arm's length negotiations between the Vendor and the Purchaser having taken into account (i) the prevailing market value of similar properties in the vicinity of the Property; and (ii) the benefits as described under the paragraph headed "Reasons for the Commercial Units Acquisition" in this announcement.

The Directors (including the independent non-executive Directors) consider that the amount of the Property Consideration is fair and reasonable and is determined on normal commercial terms and in the interest of the Company and the Shareholders as a whole if the Commercial Units Acquisition is completed.

Delivery of the commercial units: All the commercial units shall be delivered to the Purchaser within 10 business days after the second payment of the Property Consideration.

REASONS FOR THE COMMERCIAL UNITS ACQUISITION

The Group has been transforming itself from a domestic brand to a global sportswear enterprise through various acquisitions since 2019. To further promote globalisation and to increase brand awareness of the Group, the Board has decided to establish a new operation centre in Shanghai, which is a major financial and business centre in the PRC where the Group could easily access to top talents.

The Board considers that the Commercial Units Acquisition and the terms of the Commercial Units Formal Sales Agreements and the Supplemental Agreement including the Property Consideration are on normal commercial terms, fair and reasonable and in the interests of the Group and the Company's shareholders as a whole.

INFORMATION ON THE VENDOR AND THE PROPERTY

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is a company established in the PRC and is engaged in, among others, the development and management of properties in the PRC. The Property is located in a recently developed eco-commercial district in Qibao town, Minxing District in Shanghai. The Property where the commercial units are located is owned by the Vendor and is designated for commercial use.

INFORMATION OF THE GROUP

The Company is a company incorporated in the Cayman Island with limited liability. It is a leading multi-brand sportswear company listed on the Main Board of the Stock Exchange. The Group engages mainly in the design, development, manufacturing, sales, marketing and brand management of sports products, including footwear, apparel and accessories. Established since 2001, its own signature brand "Xtep" is a leading professional sports brand with an extensive distribution network of over 6,000 stores covering 31 provinces, autonomous regions and municipalities across the PRC and overseas. In 2019, the Group has further diversified its brand portfolio which now includes four internationally acclaimed brands, namely K-Swiss, Palladium, Saucony and Merrell.

GENERAL INFORMATION

Carpark Formal Sales Agreements will be entered into between the Purchaser and the Vendor at a later date as agreed between the parties. The Company will issue further announcement in accordance with the requirements of the Listing Rules when the Carpark Formal Sales Agreements are being entered into.

Based on the maximum of the Total Consideration payable under the Commercial Units Formal Sales Agreements and the Carpark Formal Sales Agreements which shall be aggregated, one or more of the applicable percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules as calculated on the date of the Letter of Intent exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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

Hong Kong, 16 August 2021

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 are Mr. Tan Wee Seng, Dr. Bao Ming Xiao and Dr. Wu Ka Chee, Davy.