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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)**

**(1) PROPOSED PLACING OF EXISTING SHARES  
AND  
TOP-UP SUBSCRIPTION OF  
NEW SHARES UNDER THE GENERAL MANDATE;  
AND  
(2) PROPOSED ISSUE OF  
HK\$500,000,000 1.5% CONVERTIBLE BONDS  
DUE 2026 UNDER THE GENERAL MANDATE**

**Sole Overall Coordinator, Sole Global Coordinator, Sole Lead Manager,  
Sole Bookrunner and Placing Agent**



## **PROPOSED PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION**

On 9 February 2025, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which: (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed, to procure, as agent of the Vendor, purchasers to purchase, or failing which, to purchase itself, an aggregate of 90,909,000 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 90,909,000 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 Agent. The Subscription is subject to certain conditions set out below under the paragraph headed “Conditions of the Subscription” below.

The Placing Price is HK\$5.50 per Share.

The number of the Subscription Shares (being equivalent to the number of the Sale Shares) represents: (a) approximately 3.39% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 3.28% 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).

## **PROPOSED ISSUE OF HK\$500,000,000 1.5% CONVERTIBLE BONDS DUE 2026**

On 9 February 2025, the Company and the Manager have entered into the CB Subscription Agreement, pursuant to which the Manager has conditionally agreed to subscribe or procure to subscribe (by itself or through its affiliates or sub-agent) and pay for, the Bonds to be issued by the Company in an aggregate principal amount of HK\$500,000,000 subject to and in accordance with the provisions of the CB Subscription Agreement. The Issue Price of the Bonds shall be 100% of the aggregate principal amount of the Bonds and the denomination of each of the Bonds shall be HK\$2,000,000 and integral multiples thereof.

Based on the initial Conversion Price of HK\$6.325 per Share (15% premium of the Placing Price) and assuming full conversion of the Bonds, the Bonds will be convertible into a maximum of 79,051,383 New CB Shares, representing:

- (1) approximately 2.95% of the existing issued share capital of the Company as at the date of this announcement; and
- (2) approximately 2.86% of the issued share capital of the Company as enlarged by the allotment and issue of the New CB Shares.

It is intended the Bonds will be listed on the Vienna Stock Exchange. An application will be made to the Vienna Stock Exchange for the listing of the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New CB Shares.

#### **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND THE NEW CB SHARES**

The Subscription Shares and the New CB Shares to be issued upon the conversion of the Bonds 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 528,291,441 new Shares. As at the date of this announcement, the number of remaining Shares that the Company may issue under the General Mandate is 416,241,287. The General Mandate is sufficient for the allotment and issue of both the Subscription Shares and the New CB Shares, and no additional approval from Shareholders of the Company is required for the allotment and issue of the Subscription Shares and the New CB Shares.

## **USE OF PROCEEDS**

The gross proceeds from the Subscription and the Bonds Issue will be HK\$1,000 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$985 million. The estimated net proceeds from the Subscription amount to approximately HK\$493 million and the estimated net proceeds from Bonds Issue amount to approximately HK\$492 million. Based on such net proceeds, the net Subscription Price is therefore approximately HK\$5.42 and assuming the full conversion of the Bonds at the initial Conversion Price, the net issue price per New CB Shares is approximately HK\$6.22. The Company intends to use the net proceeds from the Subscription and the Bonds Issue to (i) further develop the Direct-to-Consumer (DTC) business model for core Xtep brand and Saucony; (ii) further enhance Saucony's branding initiatives and product offerings; and (iii) for working capital to support general corporate purposes.

Since 2020, Saucony has primarily relied on the DTC model to expand its retail network in China. This DTC strategy has fueled the rapid growth of the professional sports segment over the past five years. The segment's revenue achieved a compound annual growth rate of over 100% from 2020 to 2023, reaching breakeven in 2023 and continued to demonstrate resilience in 2024. Moving forward, the Group will further enhance its branding initiatives for Saucony and will continue its efforts to launch new flagship and concept stores with elevated aesthetics, paving the way for the expansion of its apparel and lifestyle offerings.

Inspired by Saucony's remarkable success in retail network management, the Group is convinced that increased investment in a DTC strategy for the core Xtep brand will be instrumental in its future growth. Xtep's "160X" running shoe series has witnessed the birth of numerous championships, enabling it to achieve the highest wear rate in prominent marathons and solidifying its dominant leadership in the running segment in China. By enhancing its direct sales initiatives, Xtep can cultivate deeper, more personalized customer engagement, foster brand loyalty and boost retention rates. The brand will be well positioned to swiftly adapt its product offerings, marketing strategies, and customer experiences, improving operational efficiency and facilitating brand upgrade. Moving forward, the core Xtep brand intends to gradually reclaim distribution rights from retiring distributors, streamlining its retail channel structure to ensure timely and precise market insights, ultimately driving meaningful sales growth.

From a mid- to long-term perspective, the Group will benefit from DTC engagement in the dynamic retail landscape. By gaining control over data and customer interactions, it can strengthen its brand presence, accelerate its growth trajectory, and create sustainable profitability.

**The completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Placing and Subscription Agreement and the completion of the Bonds Issue is subject to the satisfaction of the conditions precedent set out in the CB Subscription Agreement. As the completion of the Subscription and the Bonds Issue 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.**

## **PROPOSED PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION**

### **The Placing and Subscription Agreement**

**Date:** 9 February 2025

**Parties:**

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

### **The Vendor**

As at the date of this announcement, the Vendor holds an aggregate of 1,251,586,231 Shares, including the Sale Shares, representing approximately 46.64% of the total number of Shares in issue as at the date of this announcement.

### **The Placing Agent**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent is (a) independent of, and not connected with, the Vendor, the Company and their respective associates and connected persons; and (b) 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 and 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 Agent, and the Placing Agent has agreed, to procure, as agent of the Vendor, purchasers to purchase, or failing which, to purchase itself an aggregate of 90,909,000 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 the 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 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 the 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\$5.50 per Share and represents:

- (a) a discount of approximately 9.4% to the closing price of HK\$6.07 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 8.3% to the average closing price of approximately HK\$6.00 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Day; and

- (c) a discount of approximately 7.9% to the average closing price of approximately HK\$5.97 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days prior to and including the Last Trading Day.

The Placing Price was 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 Agent. 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 Agent that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement), for the period of 90 days from the Placing 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 Agent.



Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Placing Agent, and the Vendor has undertaken to the Placing Agent to procure, that for the period of 90 days from the Placing 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 (where such scheme has been adopted or is proposed to be adopted as at the date of the Placing and Subscription Agreement); (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; (c) the conversion of the 2021 Convertible Bonds and the 2024 Convertible Bonds in accordance with their respective terms and conditions; (d) the terms and conditions of the Bonds and the CB Subscription Agreement; or (e) the conversion of the Bonds in accordance with their terms and conditions: (i) allot or issue or offer to allot or issue or grant any Share(s), 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 or instruments 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 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 Agent.

### **Completion of the Placing**

Completion of the Placing is expected to take place on the Placing Closing Date. Completion of the Placing and completion of the Bonds Issue are not inter-conditional.

## **(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 90,909,000 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 3.39% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 3.28% 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.

### **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 Agent. 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.

### **Conditions of the Subscription**

The completion of the Subscription is conditional upon: (a) the Listing Committee of the Hong Kong 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 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 Hong Kong Stock Exchange 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).

Completion of the Subscription and completion of the Bonds Issue are not inter-conditional.

## **Filings with the CSRC**

The Company shall comply with CSRC Rules and complete the CSRC filings in connection with the Placing and the Subscription.

## **Termination Events**

The Placing Agent 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 Placing 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 Agent 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 Agent 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 Agent 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 the 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 Hong Kong 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 or otherwise at any time prior to the Placing 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 Agent or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Placing 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 Agent) 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 Agent is materially adverse to the success of the Placing.

Without prejudice to any other provisions of the Placing and Subscription Agreement, the Placing Agent 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 Agent terminates 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.

## **PROPOSED ISSUE OF HK\$500,000,000 1.5% CONVERTIBLE BONDS DUE 2026**

### **The CB Subscription Agreement**

The principal terms of the CB Subscription Agreement are summarised as follows:

**Date** 9 February 2025

**Parties** (a) The Company; and

(b) the Manager

**Bonds Subscription** The Manager agrees to subscribe or procure to subscribe (by itself or through its affiliates or sub-agent) and pay for the Bonds in an aggregate principal amount of HK\$500,000,000 at the Issue Price subject to and in accordance with the provisions of the CB Subscription Agreement.

The Manager has informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent professional, institutional and/or other investors). The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. None of the Bonds will be offered to the retail public in Hong Kong.

To the best of the Directors' knowledge, information and belief as at the date of this announcement, each of the placees of the Bonds (and their respective ultimate beneficial owners) is an Independent Third Party.

**Conditions Precedent** The Manager shall only be under obligation to subscribe and pay for the Bonds if:

- (i) **Closing documents:** the Manager receives on the CB Closing Date:
  - (a) **Legal opinions:** legal opinions dated the CB Closing Date and addressed to the Manager and/or the Company (as applicable) from legal counsels in respect of the laws of the Cayman Islands, the PRC, England and Hong Kong, each in a form acceptable to the Manager;
  - (b) **Certificate:** a certificate dated the CB Closing Date signed by a Director or other equivalent senior officer of the Company addressed to the Manager, to the effect that:
    - (1) the representations and warranties deemed to be made by the Company on the CB Closing Date pursuant to the CB Subscription Agreement are true and correct; and
    - (2) the Company is in compliance with its undertakings under the CB Subscription Agreement;
- (ii) **Issue documentation:** the Trust Deed and the Agency Agreement are executed on or before the CB Closing Date by or on behalf of all parties thereto;
- (iii) **Shareholders' Lock-up:** Group Success Investments Limited (the "**Major Shareholder**") shall have executed and delivered to the Manager a lock-up agreement on the date of the CB Subscription Agreement;

- (iv) **No material adverse change:** since the date of the CB Subscription Agreement, there having been no change (nor any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which is materially adverse to the financial condition, prospects, results of operations, profitability, business, properties or general affairs of the Company or the Group, respectively;
- (v) **Accuracy of representations:** the representations and warranties by the Company in the CB Subscription Agreement are true and correct on the date of the CB Subscription Agreement and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the CB Closing Date with reference to the facts and circumstances then subsisting;
- (vi) **Delivery of authorisations:** there being in full force and effect all corporate, governmental or regulatory authorisations, approvals or consents required (if any) for the Company to issue the Bonds on the CB Closing Date, and for the Company to fulfil its obligations under the Trust Deed and the Agency Agreement, and the Company having delivered to the Manager certified copies of those authorisations, approvals or consents;
- (vii) **CSRC Filing:** on or prior to the CB Closing Date, the agreed and final or substantially complete drafts of the following documents in relation to the CSRC filings, in form and substance satisfactory to the Manager, having been delivered to the Manager:
  - (a) the CSRC filing report (including the letter of undertaking from the Company);
  - (b) legal opinions of the legal advisers to the Company as to PRC law, to be submitted to the CSRC (including their letter of undertaking);
  - (c) any other CSRC filings required by the CSRC; and



(viii) **Listing and trading:** the Manager receives confirmation on or before the CB Closing Date that the Bonds will be listed on the Vienna Stock Exchange and the New CB Shares will be listed on the Hong Kong Stock Exchange upon conversion of the Bonds.

The Manager may, at its discretion, waive satisfaction of any of the above conditions (other than condition 2 above).

### **Closing**

Completion of the subscription and issue of the Bonds will take place on the CB Closing Date.

### **Lock Up by the Company**

Neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Manager between the date hereof and the date which is 90 days after the CB Closing Date (both dates inclusive); except for (i) the issuance of the Bonds and the New CB Shares on conversion of the Bonds; and (ii) the issuance of any Shares on conversion of the 2021 Convertible Bonds or the 2024 Convertible Bonds; and (iii) the issuance of any Shares pursuant to the Placing and Subscription Agreement.

**Lock Up Undertaking  
by the Major  
Shareholder**

The Major Shareholder has executed and delivered to the Manager a lock-up agreement, pursuant to which the Major Shareholder undertakes that, for a period commencing from the date of the lock-up agreement to 90 days after the CB Closing Date, without the prior written consent of the Manager, except for any arrangements in relation to securities of the Major Shareholder or the Company pursuant to any agreement entered into between the Manager (or its affiliates) and the Major Shareholder on or prior to the date of the lock-up agreement, it will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in the Shares held by the Major Shareholder (the “**Lock-up Shares**”) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise, or (d) announce or otherwise make public an intention to do any of the foregoing.

**Termination**

The Manager may give a termination notice to the Company at any time prior to the payment of the net proceeds of the Bonds Issue to the Company on the CB Closing Date if:

- (a) **Inaccuracy of representation:** any representation and warranty by the Company in the CB Subscription Agreement is or proves to be untrue or incorrect on the date of the CB Subscription Agreement or on any date on which it is deemed to be repeated;

- (b) **Breach of obligation:** the Company fails to perform any of its obligations under the CB Subscription Agreement;
- (c) **Failure of condition precedent:** any of the conditions precedents is not satisfied or waived by the Manager on the CB Closing Date;
- (d) **Force majeure:** since the date of the CB Subscription Agreement there has been, in the opinion of the Manager, such a change in national or international financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (e) **Market conditions:** in the opinion of the Manager, since the date of the CB Subscription Agreement there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Singapore Stock Exchange, the Vienna Stock Exchange and/or the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (iii) a general moratorium on commercial banking activities in the United States, the PRC, Singapore, Hong Kong; the European Union and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, Singapore; the European Union or the United Kingdom.

## Principal terms of the Bonds

The principal terms of the Bonds are summarized as follows:

<b>Issuer</b>	The Company
<b>Issue Price</b>	100% of the principal amount of the Bonds (the “ <b>Issue Price</b> ”)
<b>Issue</b>	Hong Kong dollar-denominated 1.5% convertible bonds due 2026 in an aggregate principal amount of HK\$500,000,000, convertible into the Company’s fully-paid ordinary shares of par value of HK\$0.01.
<b>Form and Denomination</b>	The Bonds will be issued in registered form in the specified denomination of HK\$2,000,000 each and integral multiples thereof (each, an “ <b>Authorised Denomination</b> ”).
<b>Interest</b>	Interest on the Bonds is payable at the rate of 1.5% per annum payable quarterly in arrear on 20 May 2025, 20 August 2025, 20 November 2025 and the Maturity Date (as defined below), beginning on 20 May 2025.
<b>CB Closing Date</b>	On 20 February 2025, subject to postponement under the CB Subscription Agreement.
<b>Maturity Date</b>	On 18 February 2026 (the “ <b>Maturity Date</b> ”)
<b>Negative Pledge</b>	So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will not, and will procure that none of its Material Subsidiaries as defined in the terms and conditions of the Bonds (other than the Listed Material Subsidiaries, if applicable) will, create or permit to subsist any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith or (b) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

**Conversion Period**

Subject to the terms and conditions of the Bonds, each Bond shall entitle the holder to convert such Bond into Shares credited as fully paid at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with the terms and conditions of the Bonds, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after 2 April 2025 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling 10 trading days prior to the Maturity Date (both days inclusive) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than five days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof (the “**Conversion Period**”).

**Conversion Price**

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$6.325 per Share.

The Conversion Price will be subject to adjustment for, among others, the consolidation, reclassification or subdivision of the Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than the Current Market Price as defined under the terms and conditions of the Bonds, other issues at less than the Current Market Price, modification of rights of conversion etc., other offers to Shareholders, and other events as further described in the terms and conditions of the Bonds.

**Redemption at  
Maturity**

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100.50% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

**Redemption for  
Taxation Reasons**

The Bonds may be redeemed, at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the Agent in writing and to the Bondholders in accordance with terms and conditions of the Bonds (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption at the Early Redemption Amount as at such date together with interest accrued but unpaid up to but excluding such date (if any), if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay additional tax amounts as provided or referred to in the terms and conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Hong Kong, the PRC or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 February 2025, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

**Redemption at the  
Option of the  
Company**

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Agent in writing and to the Bondholders in accordance with the terms and conditions of the Bonds, the Company may, at any time, redeem all and not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at the Early Redemption Amount, together with interest accrued but unpaid up to but excluding the Optional Redemption Date (if any), *provided that*, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further Bonds issued pursuant to the terms and conditions of the Bonds).

**Redemption for  
Delisting or Change  
of Control**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right, at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Relevant Event Put Date as defined in the terms and conditions of the Bonds at the Early Redemption Amount together with interest accrued but unpaid up to but excluding such date (if any).

"**Relevant Event**" occurs (i) when the Shares cease to be listed or admitted to trading or are suspended on the Main Board of the Hong Kong Stock Exchange for a period equal to or exceeding 20 consecutive trading days; or (ii) when there is a change of control described under the terms and conditions of the Bonds.

**Purchase and  
Cancellation**

The Company or any of its subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

All Bonds which are redeemed, converted or purchased by the Company or any of its subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the registrar and such Bonds may not be reissued or resold.



**Clearing System**

Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds evidenced by the Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

**Transferability**

A Bond may, subject to the terms and conditions of the Bonds and the terms of the Agency Agreement, be transferred (in whole or in part but in any case in an Authorised Denomination).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

**Listing**

An application will be made to the Vienna Stock Exchange for the listing and quotation of the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New CB Shares.

**Status**

The Bonds constitute direct, unconditional, unsubordinated and (subject to the condition “Negative Pledge” mentioned above) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to the terms and conditions of the Bonds, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

## Conversion Price and New CB Shares

The initial Conversion Price of HK\$6.325 per Share (15% premium of the Placing Price) represents:

- (i) a premium of approximately 4.2% over the last closing price of HK\$6.07 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.4% over the average closing price of approximately HK\$6.00 per Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 5.9% over the average closing price of approximately HK\$5.97 per Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined with reference to the prevailing market price of the Shares and the terms and conditions of the CB Subscription Agreement and was negotiated on an arm's length basis between the Company and the Manager after a book-building exercise.

The number of New CB Shares issuable upon conversion of any Bonds shall be determined by dividing the principal amount of the Bonds converted by the Conversion Price in effect on the relevant conversion date. Based on the initial Conversion Price of HK\$6.325 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 79,051,383 New CB Shares, representing:

- (i) approximately 2.95% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 2.86% of the issued share capital of the Company, as enlarged by the issue of the New CB Shares upon full conversion of the Bonds.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND THE BONDS ISSUE**

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 and the Bonds Issue 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 also consider the Bonds Issue renders additional benefits of (i) providing the Company with additional funds at lower funding cost for the use of proceeds; (ii) not having an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) enhancing the Company's capital base as well as benefiting the long-term development of the Company in the event that the Bonds are converted into New CB Shares.

The Directors (including the independent non-executive Directors) consider that (i) the Placing Price, the Subscription Price and the terms and conditions of the Placing and Subscription Agreement (including the Placing Agent's commission); and (ii) the Issue Price, the Conversion Price and the terms and conditions of the CB Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The gross proceeds from the Subscription and the Bonds Issue will be HK\$1,000 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$985 million. The estimated net proceeds from the Subscription amount to approximately HK\$493 million and the estimated net proceeds from Bonds Issue amount to approximately HK\$492 million. Based on such net proceeds, the net Subscription Price is therefore approximately HK\$5.42 and assuming the full conversion of the Bonds at the initial Conversion Price, the net issue price per New CB Shares is approximately HK\$6.22. The Company intends to use the net proceeds from the Subscription and the Bonds Issue to (i) further develop the Direct-to-Consumer (DTC) business model for core Xtep brand and Saucony; (ii) further enhance Saucony's branding initiatives and product offerings; and (iii) for working capital to support general corporate purposes.

Since 2020, Saucony has primarily relied on the DTC model to expand its retail network in China. This DTC strategy has fueled the rapid growth of the professional sports segment over the past five years. The segment's revenue achieved a compound annual growth rate of over 100% from 2020 to 2023, reaching breakeven in 2023 and

continued to demonstrate resilience in 2024. Moving forward, the Group will further enhance its branding initiatives for Saucony and will continue its efforts to launch new flagship and concept stores with elevated aesthetics, paving the way for the expansion of its apparel and lifestyle offerings.

Inspired by Saucony’s remarkable success in retail network management, the Group is convinced that increased investment in a DTC strategy for the core Xtep brand will be instrumental in its future growth. Xtep’s “160X” running shoe series has witnessed the birth of numerous championships, enabling it to achieve the highest wear rate in prominent marathons and solidifying its dominant leadership in the running segment in China. By enhancing its direct sales initiatives, Xtep can cultivate deeper, more personalized customer engagement, foster brand loyalty and boost retention rates. The brand will be well positioned to swiftly adapt its product offerings, marketing strategies, and customer experiences, improving operational efficiency and facilitating brand upgrade. Moving forward, the core Xtep brand intends to gradually reclaim distribution rights from retiring distributors, streamlining its retail channel structure to ensure timely and precise market insights, ultimately driving meaningful sales growth.

From a mid- to long-term perspective, the Group will benefit from DTC engagement in the dynamic retail landscape. By gaining control over data and customer interactions, it can strengthen its brand presence, accelerate its growth trajectory, and create sustainable profitability.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD**

The following are the equity fund raising activities conducted by the Company in the past twelve-month period immediately preceding the date of this announcement:

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of net proceeds</b>
9 May 2024	The issue of the 2024 Convertible Bonds	HK\$499,000,000	Funding the redemption price for the K-Swiss CB Redemption (Please refer to the announcements of the Company dated 9 May 2024 and 1 November 2024)	Fully utilised as intended

Save for the aforesaid, the Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

## **EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE PLACING, THE SUBSCRIPTION AND CONVERSION OF THE BONDS**

Assuming that (i) all the Sale Shares are placed under the Placing and Subscription Agreement; (ii) the Bonds are fully converted into New CB Shares at the initial Conversion Price of HK\$6.325; and (iii) 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 and conversion of the Bonds other than the issue by the Company of the Subscription Shares and the New CB Shares, the shareholding structure of the Company before and after the Placing and the Subscription and the issue of the New CB Shares will be as follows:

	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 Subscription		Immediately after the completion of the issue and allotment of the New CB Shares at the Conversion Price		Immediately after the completion of the Placing and the Subscription and the issue and allotment of the New CB Shares at the Conversion Price	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor	1,251,586,231	46.64%	1,160,677,231	43.25%	1,251,586,231	45.11%	1,251,586,231	45.30%	1,251,586,231	43.86%
Ding Shui Po	71,977,500	2.68%	71,977,500	2.68%	71,977,500	2.59%	71,977,500	2.61%	71,977,500	2.52%
Ding Mei Qing	2,070,002	0.08%	2,070,002	0.08%	2,070,002	0.07%	2,070,002	0.07%	2,070,002	0.07%
Ding Ming Zhong	2,800,000	0.10%	2,800,000	0.10%	2,800,000	0.10%	2,800,000	0.10%	2,800,000	0.10%
Tan Wee Seng	292,975	0.01%	292,975	0.01%	292,975	0.01%	292,975	0.01%	292,975	0.01%
Placees	—	—	90,909,000	3.39%	90,909,000	3.28%	—	—	90,909,000	3.19%
Bondholders	—	—	—	—	—	—	79,051,383	2.86%	79,051,383	2.77%
Other public Shareholders	1,354,923,364	50.49%	1,354,923,364	50.49%	1,354,923,364	48.84%	1,354,923,364	49.05%	1,354,923,364	47.48%
<b>Total</b>	<b><u>2,683,650,072</u></b>	<b><u>100.00%</u></b>	<b><u>2,683,650,072</u></b>	<b><u>100.00%</u></b>	<b><u>2,774,559,072</u></b>	<b><u>100.00%</u></b>	<b><u>2,762,701,455</u></b>	<b><u>100.00%</u></b>	<b><u>2,853,610,455</u></b>	<b><u>100.00%</u></b>

## **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND THE NEW CB SHARES**

The Subscription Shares and the New CB Shares to be issued upon the conversion of the Bonds 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 528,291,441 new Shares, representing 20% of the total number of Shares of the Company in issue as at the date of the AGM.

As at the date of this announcement, assuming full conversion of the 2024 Convertible Bonds at the initial conversion price of HK\$5.50, the 2024 Convertible Bonds will be convertible into a maximum of 112,050,154 new Shares<sup>1</sup>. Such Shares are committed to be issued pursuant to the General Mandate. Save as aforesaid, no Shares have been issued or committed to be issued pursuant to the General Mandate. As such, as at the date of this announcement, the remaining number of Shares that the Company may issue under the General Mandate is 416,241,287, representing 15.8% of the issued share capital of the Company of 2,641,457,207 Shares as at the date of the AGM.

As at the date of this announcement, assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 79,051,383 New CB Shares. The General Mandate is sufficient for the allotment and issue of both the Subscription Shares and the New CB Shares, which in aggregate amount to 169,960,383 Shares, and no additional approval from Shareholders of the Company is required for the allotment and issue of the Subscription Shares and the New CB Shares.

<sup>1</sup> Based on the principal amount of HK\$500,000,000 and the maximum quarterly accrued interest of 3.5% interest per annum at the 2024 Convertible Bonds maturity date. As long as no event of default has occurred, the default interest rate of 25% per annum 2024 Convertible Bonds under the shall not apply. If an event of default has occurred, the Company shall use its best endeavour to cure such event of default. Pursuant to the terms of the 2024 Convertible Bonds, even if the holders of the 2024 Convertible Bonds request for an redemption of the 2024 Convertible Bonds after the occurrence of the event of default, the Company shall comply with the redemption request and redeem the 2024 Convertible Bonds in cash, and in such event no interest shall accrue at the default interest rate of 25% per annum.

## INFORMATION ON THE COMPANY AND THE GROUP

Xtep International Holdings Limited is a leading multi-brand sportswear company listed on the Main Board of the Hong Kong Stock Exchange in 2008. The Group principally engages in the design, development, manufacturing, sales, marketing and brand management of sports products covering footwear, apparel and accessories for adults and children. With the core Xtep brand, Saucony and Merrell under its diversified brand portfolio, the Group strategically targets the mass market and professional sports segments through an extensive distribution network of more than 8,400 stores.

**The completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Placing and Subscription Agreement and the completion of the Bonds Issue is subject to the satisfaction of the conditions precedent set out in the CB Subscription Agreement. As the completion of the Subscription and the Bonds Issue 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

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

- “2021 Convertible Bonds” the 1.8% convertible bonds due 2027 in the principal amount of HK\$500,000,000 issued by the Company to GSUM IV Holdings Limited on 9 September 2021
- “2024 Convertible Bonds” the 3.5% convertible bonds due 2030 in the principal amount of HK\$500,000,000 issued by the Company to GSUM IV Holdings Limited on 1 November 2024
- “Agent” an international financial institution to be agreed between the Company and the Manager
- “AGM” the annual general meeting of the Company held on 3 May 2024



“Agency Agreement”	the agency agreement in relation to the Bonds to be dated 20 February 2025 between the Company, the Trustee, and the Agent as principal paying agent and principal conversion agent, as transfer agent and registrar and the other agents named under the agency agreement
“Board”	the board of Directors
“Bondholders”	the person in whose name a Bond is registered
“Bonds”	the HK\$500 million 1.5% convertible bonds due 2026
“Bonds Issue”	the issue of the Bonds by the Company
“CB Closing Date”	20 February 2025, subject to postponement under the CB Subscription Agreement
“CB Subscription Agreement”	the subscription agreement dated 9 February 2025 entered into between the Company and the Manager in respect of the issue of the Bonds
“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 Hong Kong Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission of the PRC
“CSRC Archive Rules”	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC on 24 February 2023 (as amended, supplemented or otherwise modified from time to time)
“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time

“CSRC Rules”	the CSRC Filing Rules and the CSRC Archive Rules
“Director(s)”	director(s) of the Company
“Early Redemption Amount”	for each HK\$2,000,000 principal amount of the Bonds, the amount determined so that it represents the amount which, together with (a) unpaid accrued interest from and including the immediately preceding interest payment date or, if none, the CB Closing Date, and (b) after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the Bondholder on the relevant date for determination of the Early Redemption Amount a gross yield of 2% per annum
“General Mandate”	the general mandate granted to the Board by the Shareholders at the AGM, which authorised the Directors to allot, issue or otherwise deal with up to 528,291,441 Shares, representing 20% of the total number of Shares 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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Person(s)”	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)
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected persons and is/are not a connected person(s) of the Company

“Last Trading Day”	7 February 2025, being the last trading day prior to the signing of the Placing and Subscription Agreement and the CB Subscription Agreement
“Listed Material Subsidiary”	any Material Subsidiary (as defined in the terms and conditions of the Bonds), the shares of which are at the relevant time listed on the Hong Kong Stock Exchange, or any other stock exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the time being in force
“Manager” and “Placing Agent”	UBS AG Hong Kong Branch, being the overall coordinator
“New CB Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“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 Agent of the Sales Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the agreement dated 9 February 2025 entered into between the Vendor, the Company and the Placing Agent in relation to the Placing and the Subscription
“Placing Closing Date”	12 February 2025 or such other date as the Vendor and the Placing Agent may agree in writing
“Placing Price”	HK\$5.50 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
“Regulation S”	Regulation S under the U.S. Securities Act of 1933, as amended

“Relevant Indebtedness”	any indebtedness in the form of and represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement) having an original maturity of more than one year from its date of issue but shall not include (i) indebtedness issued in the PRC, or (ii) bilateral loans, syndicated loans or club deal loans
“Sale Shares”	the 90,909,000 Shares to be sold by the Vendor pursuant to the Placing and Subscription Agreement
“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
“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\$5.50 per Share, which is equal to the Placing Price
“Subscription Shares”	90,909,000 new Shares to be issued by the Company to the Vendor under the Subscription

“Transaction Date”	the date when the sale of the Sale Shares shall be reported as a cross-trade to the Hong Kong Stock Exchange which shall be (i) 9 February 2025 or, (ii) if dealings in the Shares on the Hong Kong Stock Exchange are suspended at all times on 9 February 2025, the first day on which dealings resume and the cross-trade can be reported to the Hong Kong Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agent may agree in writing
“Trust Deed”	the trust deed in relation to the Bonds to be dated 20 February 2025 between the Company and the Trustee
“Trustee”	an international financial institution to be agreed between the Company and the Manager
“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 67% by Mr. Ding Shui Po’s family trust, 21% by Ms. Ding Mei Qing’s family trust and 12% 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, 10 February 2025

*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; the non-executive Director is Mr. Tan Wee Seng and the independent non-executive Directors are Dr. Bao Ming Xiao, Dr. Wu Ka Chee, Davy and Dr. Chan Yee Wah.*