

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Xtep International Holdings Limited**, you should at once hand this circular and the accompanying election form to the purchaser or the transferee or to the bank, the registered dealer in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

No Shareholder with registered address outside Hong Kong receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder with registered address outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to satisfy himself/herself/itself as to full observance of the laws of any relevant jurisdiction, including obtaining any governmental or other consents or observing any requirement or formality which may be required.



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)

Executive Directors

DING Shui Po (*Chairman and Chief Executive Officer*)

DING Mei Qing

DING Ming Zhong

YEUNG Lo Bun

Registered Office

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director

TAN Wee Seng

Principal Place of Business

Unit A, 27/F, Tower A

Billion Centre, 1 Wang Kwong Road

Kowloon Bay, Kowloon, Hong Kong

Independent Non-executive Directors

BAO Ming Xiao

WU Ka Chee, Davy

CHAN Yee Wah

21 May 2025

To the shareholders of Xtep International Holdings Limited

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME
IN RELATION TO THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. INTRODUCTION

On 28 April 2025, the shareholders (“**Shareholders**”) of Xtep International Holdings Limited (the “**Company**”) have upon the recommendation of the directors of the Company (the “**Directors**”) approved at the annual general meeting of the Company the payment of a final dividend of HK9.5 cents per share of HK\$0.01 each in the share capital of the Company

(the “**Share(s)**”) for the year ended 31 December 2024 (the “**Final Dividend**”), with an option to receive new fully paid Shares (the “**Scrip Shares**”) in lieu of cash (the “**Scrip Dividend Scheme**”), to the Shareholders whose names appear on the register of members of the Company (the “**Qualifying Shareholders**”) at the close of business on Tuesday, 13 May 2025 (the “**Record Date**”). The register of members was closed from Friday, 9 May 2025 to Tuesday, 13 May 2025 (both dates inclusive). To rank for the Final Dividend, all completed transfer forms, accompanied by the relevant share certificates, had to be lodged with the Company’s Hong Kong branch share registrar and transfer office for registration not later than 4:30 p.m. on Thursday, 8 May 2025.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Qualifying Shareholders in relation thereto.

2. PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, the Qualifying Shareholders have the following choices in respect of the Final Dividend:

- (i) cash of HK9.5 cents for each Share held on the Record Date;
- (ii) an allotment of Scrip Shares (the number of which is determined as explained below); or
- (iii) partly in cash and partly in the form of the Scrip Shares.

For the purpose of calculating the number of the Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at HK\$5.543 per Share, which is the average of the closing prices per Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the three consecutive trading days up to and including Tuesday, 13 May 2025 (the “**Average Closing Price**”). Accordingly, the number of the Scrip Shares which the Qualifying Shareholders will receive in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

- | | | | | |
|--------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------|
| (1) Maximum dividend amount available for election of Scrip Shares (rounded to the nearest cent) | = | Number of existing Shares held on the Record Date and elected for the Scrip Shares (as applicable) | X | HK\$0.095
(Final Dividend per Share) |
| (2) Number of the Scrip Shares to be received* | = | $\frac{\text{Maximum dividend amount available for election of Scrip Shares (rounded to the nearest cent)}}{\text{HK\$5.543 (Average Closing Price)}}$ | | |

* Rounded down to the nearest whole number

The last day and time on which the Qualifying Shareholders will be entitled to elect their desired form of the Final Dividend is 4:30 p.m. on Thursday, 5 June 2025. The number of the Scrip Shares to be issued to each Qualifying Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares in respect of alternatives (ii) and (iii) above will not be issued but will be refunded in cash to the respective Qualifying Shareholders concerned. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will, when they are issued, rank pari passu in all respects with the existing Shares of the Company except that they will not be entitled to the Final Dividend. The Scrip Shares will be allotted by way of capitalisation of the Company's reserves or profits and are not renounceable. The right to receive Scrip Shares instead of whole or part of the cash dividend is non-transferable.

As at the date of this circular, the Board has not received any information from the controlling shareholder of the Company of its intention to receive the Final Dividend in cash, Scrip Shares or partly in cash and partly in Scrip Shares.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that the Shareholders elect to receive Scrip Shares in whole or in part, such cash as would otherwise have been paid to the Shareholders will be retained for use by the Company.

4. CONDITIONS OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme.

If the above condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms (as defined below) will be void. In such case, the Final Dividend will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 2,774,559,072 Shares in issue as at the Record Date, if all Shareholders elect to receive the Final Dividend in cash, the total cash dividend payable by the Company would be HK\$263,583,112. If all Shareholders elect to receive all of their entitlement to the Final Dividend in the form of Scrip Shares in lieu of cash and based on the Average Closing Price, the maximum number of Scrip Shares to be issued would be 47,552,428 Shares, representing approximately 1.71% of the existing issued share capital of the Company as at the Record Date and approximately 1.68% of the then issued share capital of the Company as enlarged by the issue of the Scrip Shares.

The Qualifying Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme may give rise to disclosure requirements under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Qualifying Shareholders who are in any doubt as to how these provisions may affect them as a result of the Scrip Shares are recommended to seek their own professional advice.

As at the date of this circular, the Company has issued three convertible bonds, including (i) the convertible bonds issued on 9 September 2021 (see the announcements of the Company dated 15 June 2021 and 9 September 2021) in the principal amount of HK\$532,438,168 (including the quarterly accrued interests paid in kind and accumulated as additional principal amount as at the date of this circular) (the “**CB I**”), which are convertible into 63,806,314 Shares; (ii) the convertible bonds issued on 1 November 2024 (see the announcements of the Company dated 9 May 2024 and 1 November 2024) in the principal amount of HK\$508,788,281 (including the quarterly accrued interests paid in kind and accumulated as additional principal amount as at the date of this circular) (the “**CB II**”), which are convertible into 92,506,960 Shares; and (iii) the convertible bonds issued on 20 February 2025 (see the announcements of the Company dated 10 February 2025 and 20 February 2025) in the principal amount of HK\$500,000,000 (the “**CB III**”), which are convertible into 79,051,383 Shares. No Share has been issued under the convertible bonds. Save as disclosed above, as at the date of this circular, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares, as the case may be. According to the respective terms and conditions of CB I and CB II, the issue of the Scrip Shares will not trigger any adjustments to the conversion price of CB I and CB II. According to the terms and conditions of CB III, the issue of the Scrip Shares may trigger an adjustment to the conversion price with effect on the date of issue of the Scrip Shares, subject to the relevant average closing price of the Shares. Should the conversion price of CB III be adjusted upon issue of the Scrip Shares, further announcement relating to the conversion price adjustment will be made by the Company when appropriate.

6. FORM OF ELECTION

A form of election in relation to the Scrip Dividend Scheme (the “Election Form”) is enclosed for use by Qualifying Shareholders who wish to receive the Final Dividend wholly in the form of the Scrip Shares or partly in cash and partly in the form of the Scrip Shares in lieu of cash. Please read carefully the instructions below and the instructions printed on the Election Form.

(a) To receive only cash dividend

If you wish to receive only cash for the Final Dividend, you DO NOT need to take any action. Therefore, please DO NOT return the Election Form.

(b) To receive only scrip dividend for the Final Dividend

If you wish to receive only Scrip Shares for the Final Dividend, please just SIGN, DATE and RETURN the Election Form.

(c) To receive part cash dividend and part scrip dividend for the Final Dividend

If you wish to receive your entitlement to the Final Dividend partly in cash and partly in Scrip Shares, please ENTER in Box C of the Election Form the number of Shares which you held on the Record Date for which you require the Final Dividend to be paid in Scrip Shares. Then SIGN, DATE and RETURN the Election Form.

If you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have elected to receive only Scrip Shares in respect of ALL the Shares registered in your name on the Record Date. Therefore, you will receive only Scrip Shares for the Final Dividend.

The Election Form should be completed in accordance with the instructions printed thereon and returned, so that they are received by the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 5 June 2025. Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Qualifying Shareholder's Final Dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Final Dividend may, after the relevant Election Forms are signed and returned to the Company's Hong Kong branch share registrar and transfer office, be in any way withdrawn, revoked, superseded or altered.

The latest time for the return of the Election Form will be extended, as the case may be, in accordance with (a) or (b) below if a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning signal or "extreme conditions" caused by super typhoons is/are in force in Hong Kong:

- (a) at any time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 5 June 2025. The latest time for the return of the Election Form will be extended to 5:00 p.m. on the same business day; or
- (b) at any time between 12:00 noon and 4:30 p.m. on Thursday, 5 June 2025. The latest time for the return of the Election Form will be extended to 4:30 p.m. on the next business day where none of the above warnings is in force at any time between 9:00 a.m. and 4:30 p.m.

7. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

This circular and the Election Form will not be registered or filed under the securities law or equivalent legislation of any jurisdiction. No Shareholder with registered address outside Hong Kong as shown on the register of members of the Company receiving a copy of this circular and/or the Election Form in any jurisdiction outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to such person without the Company having to comply with any registration or other requirements or formalities in the relevant jurisdiction. Persons who receive the Scrip Shares in lieu of cash must also comply with any restrictions on the transfer or sale of the Shares which

may apply outside Hong Kong. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation shall be deemed to have received this circular and/or the Election Form for information only.

As at the Record Date, there was one Shareholder with registered address in the British Virgin Islands (“BVI”).

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries in respect of the legal restrictions under the laws of the BVI and the requirement of the relevant regulatory body or stock exchange in the BVI for the Company to extend the Scrip Dividend Scheme to the Shareholder with registered address in the BVI. On the basis of the results of such enquiries obtained as at the Record Date, the Directors note that there is no legal restriction under the laws of or the requirements of the relevant regulatory bodies or stock exchanges in the BVI with respect to the offer of the Scrip Shares to the Shareholder with registered address in the BVI as at the Record Date.

Yet, your attention is drawn to the following statement concerning the offering of Shares to persons in the BVI:

No invitation has been made or will be made, directly or indirectly, to the public in the British Virgin Islands to purchase the Scrip Shares, and the Scrip Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws. Accordingly, this circular, the accompanying Election Form and the Scrip Dividend Scheme do not constitute and shall not be construed as an offer to the public in the BVI to purchase or subscribe for Shares. Shares shall not be received for the account or benefit of any person who is a resident of, or who is domiciled in, the BVI, other than a BVI Business Company (as defined under the BVI Business Companies Act (as amended)) incorporated in the BVI that is not resident in the BVI, nor to a custodian, nominee or trustee of any such person.

Accordingly, the Board is of the view that it would not be necessary or expedient for the Company to exclude the Shareholder with registered address in the BVI from participating in the Scrip Dividend Scheme on account of the restrictions or requirements from the perspective of the BVI laws. In view of the above, the Shareholder with registered address in the BVI will not be excluded from participating in the Scrip Dividend Scheme and the Election Form will be sent to the Shareholder with registered address in the BVI together with this circular.

Notwithstanding the enquiries made by the Company with its legal advisers, it is the responsibility of any Shareholder with registered address outside Hong Kong wishing to receive Scrip Shares for the Final Dividend to satisfy himself/herself/itself as to full observance of the laws of any relevant jurisdiction, including obtaining any governmental or other consents or observing any requirement or formality which may be required. Shareholders with registered address outside Hong Kong who are in any doubt as to their positions should consult their own professional advisers.

As at the Record Date, an aggregate of 530,445,905 Shares, representing 19.12% of the existing issued share capital of the Company, were held through the China Securities Depository and Clearing Corporation Limited (“ChinaClear”) as nominee under Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect.

Pursuant to the Frequently Asked Questions Series 29 issued by the Stock Exchange on 17 November 2014 and updated on 4 November 2016 and 13 July 2018 on the interpretation of the Listing Rules, investors from the People's Republic of China (which for the purpose of this circular, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People's Republic of China) who hold Shares through ChinaClear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “**PRC Southbound Trading Investors**”) can participate in the Scrip Dividend Scheme through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to elect to receive the Scrip Shares in respect of all or part of his/her holding of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the election to receive the Scrip Shares.

As at the Record Date, save for the Shareholder with registered address in the BVI and the Shares held through ChinaClear as nominee under Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect, no other Shareholder had a registered address outside Hong Kong as appeared on the register of members of the Company.

8. LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme.

It is expected that the relevant dividend warrants and share certificates will be posted to the Shareholders at the risk of those entitled thereto on Monday, 30 June 2025, and dealings of the Scrip Shares on the Stock Exchange are expected to commence on Wednesday, 2 July 2025. Unless a written instruction is given by a Shareholder to the Company's Hong Kong branch share registrar and transfer office, one share certificate will be issued for all the Scrip Shares a Shareholder is entitled to.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (“**CCASS**”). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Shares may be settled through CCASS and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares of the Company are only listed on the Stock Exchange. No part of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list its securities on any other stock exchange.

9. RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive cash or the Scrip Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the sole responsibility of each Qualifying Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers.

Qualifying Shareholders who are trustees are recommended to take professional advice as to whether the choice of the Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

10. TIMETABLE

Record Date..... Tuesday, 13 May 2025

Latest time for the return of the Election Form..... 4:30 p.m. on Thursday,
5 June 2025

Expected despatch of dividend warrants
and share certificates Monday, 30 June 2025

Expected first day of dealings in the Scrip Shares Wednesday, 2 July 2025
(subject to the proper receipt of
the certificates for the Scrip Shares by
the relevant Qualifying Shareholders)

Notes:

- (1) If a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal or “extreme conditions” caused by super typhoons is/are in force in Hong Kong at any time prior to 4:30 p.m. on Thursday, 5 June 2025, the latest time for returning the Election Form will be extended. Further information is set out in the section headed “6. Form of Election” in this circular.
- (2) References to time and dates in this circular are to Hong Kong time and dates.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.