



Xtep International Holdings Limited

Incorporated in the Cayman Islands with Limited Liability

(SEHK Stock Code: 1368)

Xtep Enters into the Stock Purchase Agreement with E-Land to Acquire Globally Well-recognized Brands K-Swiss, Palladium and Supra



2 May 2019, Hong Kong – Leading PRC-based professional sportswear enterprise **Xtep International Holdings Limited** (“the Group” or “Xtep”; SEHK stock code: 1368), through its wholly-owned subsidiary, has entered into a Stock Purchase Agreement with E-Land World Company, Ltd. and E-Land USA Holdings Inc., (collectively, “E-Land”) whereby Xtep will acquire all the outstanding shares of the capital stock of E-Land Footwear USA Holdings Inc. (“E-land Footwear USA”), the ultimate owner of **K-Swiss**, **Palladium** and **Supra** brands (the “Brands”), for a cash consideration of US\$260 million (approximately RMB1,750 million) (the “Acquisition”). The Acquisition will be financed by internal resources and is expected to be completed by the end of July 2019.

The Group considers the Acquisition as an attractive opportunity to invest in a portfolio of globally renowned sportswear and lifestyle brands targeting the high-end market segment. In particular, **K-Swiss**, a heritage athletic shoe brand founded in California in 1966, offers performance tennis footwear, lifestyle and fitness footwear meeting the high performance demands of world-class athletes and trendsetters. As for **Palladium**, it is also one of the best known global pampa boot brands established in France in 1947. The Brands currently have a global presence covering more than 80 countries and territories.

The table below sets out certain financial information of E-land Footwear USA in 2017 and 2018:

	For the year ended 31 December							
	2017 (unaudited)				2018 (unaudited)			
US\$'000	K-Swiss	Palladium	Others	Total	K-Swiss	Palladium	Others	Total
Revenue	97,508	71,047	37,511	206,066	109,240	77,907	22,859	210,006
Adjusted EBITDA *	(5,500)	(1,074)	(5,848)	(12,422)	2,515	3,376	(4,223)	1,668

* Defined as the profit before tax adding back the depreciation and amortization, impairment of intangible assets and net interest expense. The impairment of intangible assets included impairments on trademarks of Supra and KR3W brands amounting to US\$11,300,000 in 2017 and US\$9,815,000 in 2018.

The Brands' distinctive positioning and different target customer groups are highly complementary to Xtep's brand portfolio. The Acquisition also enables the Group to transform into a global sportswear player addressing diverse customer needs. The Brands are expected to leverage Xtep's extensive distribution network, leading R&D and supply chain resources to unleash their full potential in capturing the enormous opportunities amid the rapidly growing sportswear market in Greater China.

Xtep Chairman and Chief Executive Officer Mr. Ding Shui Po said, "Following the success of our three-year strategic transformation, we stepped into a new era of business. Today, we are extremely excited to announce the proposed acquisition with E-Land, a strategic move to complement our product portfolio and elevate us as one of the leading global multi-brand sportswear companies. Not only will it strengthen Xtep's foothold in the expanding Chinese sportswear market, but will also provide us with growth opportunities in untapped overseas markets such as Southeast Asia. In other words, Xtep has what it takes to speed up business growth both domestically and overseas in the years to come."

- End -

Photo captions:

K-Swiss photos	Caption and download
<p>Photo 1:</p>  <p>Photo 2:</p>  <p>Photo 3:</p> 	<p>K-Swiss is a heritage American athletic shoe brand that offers performance tennis footwear, lifestyle and fitness footwear meeting the high performance demands of world-class athletes and trendsetters.</p> <p><u>Links to download:</u></p> <p>Photo 1: https://drive.google.com/open?id=1dPfLxdF2-iXNBJH_7qZVbvYqea7y7-gT</p> <p>Photo 2: https://drive.google.com/open?id=1RRhYs5QwdIG_yYFs_qxJb21Zcd40ptnC</p> <p>Photo 3: https://drive.google.com/open?id=15HzH8H2H9pH6QTOFykJchdao9mkKvsQb</p>

Palladium photos & video	Caption and download
<p>Photo 4:</p>  <p>Photo 5:</p>  <p>Photo 6:</p>  <p>Video:</p> 	<p><i>Palladium</i> from France is one of the best known pampa boots brands in the world.</p> <p><u>Links to review or download:</u></p> <p>Photo 4: https://drive.google.com/open?id=1U_BXqIGILgEmLrUgg0UwrNTuJBqeSoOa</p> <p>Photo 5: https://drive.google.com/open?id=174wspzB6_oj6AtRF3lt5fpWXwLAzeXsh</p> <p>Photo 6: https://drive.google.com/open?id=1mVc7ETrulzEUyfj16BuMmil4FczcFEUS</p> <p>Video review: https://palladiumboots.com/pages/our-story</p>

About Xtep International Holdings Limited

Xtep International Holdings Limited (SEHK stock code: 1368) is a leading PRC-based professional sports brand with over 15 years of history, listed on 3 June 2008 on the Main Board of The Stock Exchange of Hong Kong Limited. Xtep is a leading PRC-based professional sports brand, principally engaged in the design, development, manufacturing, sales and marketing, and brand management of sports products, including footwear, apparel and accessories. It boasts an extensive distribution network of over 6,200 stores nationwide covering 31 provinces, autonomous regions and municipalities across the PRC. Xtep is a constituent of MSCI China Small Cap Index, Hang Seng Composite Index Series and Shenzhen-Hong Kong Stock Connect.

For more information, please visit Xtep's corporate website: www.xtep.com.hk or scan the Group's WeChat QR code below (or search by: xtepholdings or 特步控股).



Media Enquiries:

Xtep International Holdings Limited

Sophia Wong / Cindy Lin

Investor Relations and Corporate Communications

Tel: (852) 2152 0333

Email: ir@xtep.com.hk

Strategic Financial Relations Limited

Maggie Au / Adrianna Lau / Jacky Chiu

Tel: (852) 2864 4815 / (852) 2114 4987 / (852) 2114 4313

Email: sprg_xtep@sprg.com.hk