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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)**

**VOLUNTARY ANNOUNCEMENT  
ACQUISITION OF INTEREST IN SAUCONY ASIA IP HOLDCO  
AND  
THE 2019 JOINT VENTURE ENTITIES**

**ACQUISITION OF INTEREST IN SAUCONY ASIA IP HOLDCO AND THE  
2019 JOINT VENTURE ENTITIES**

Reference is made to the announcement of Xtep International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 4 March 2019 in relation to, among other things, the establishment of certain joint venture entities (collectively the “**2019 Joint Venture**”) with Wolverine World Wide, Inc. (“**Wolverine**”, together with its subsidiaries, the “**Wolverine Group**”) to carry out the development, marketing and distribution of footwear, apparel and accessories under the Saucony and Merrell brands in Mainland China, Hong Kong and Macau (the “**JV Territories**”).

With a view to further developing the Saucony and Merrell brands in the JV Territories, on 17 December 2023, certain members of the Group entered into agreements with Wolverine and certain of its subsidiaries, pursuant to which the parties have agreed that:

- **Acquisition of interest in Saucony Asia IP Holdco and formation of a new joint venture:** XMS Sports Co. Limited (“**XMS Sports**”, a wholly owned subsidiary of the Company) shall acquire 40% of ownership interest in Gemini Asia Saucony, LLC (“**Saucony Asia IP Holdco**”), a limited liability company incorporated under the laws of the State of Delaware of the United States of

America which has been established for the purpose of holding, licensing and managing the intellectual property rights associated with the Saucony brand in the JV Territories. A joint venture agreement will be entered into in relation to the management and operation of Saucony Asia IP Holdco.

- **Call options to acquire the remaining interest in Saucony Asia IP Holdco:** XMS Sports shall acquire the options to, in the event of global sale of the intellectual property of the Saucony brand or a change in control of Wolverine, purchase a further 35% or 60% ownership interest in Saucony Asia IP Holdco.
- **Acquisition of the Wolverine Group's interest in the 2019 Joint Venture entities:** Xtep Holdings Limited, a direct wholly owned subsidiary of the Company, shall acquire the Wolverine Group's interests in the 2019 Joint Venture entities to carry out the sale and distribution of products under the Saucony and Merrell brands. As a result, the aforesaid joint venture entities will become **wholly owned subsidiaries** of the Group and the agreements constituting the 2019 Joint Venture will be terminated.

The aforesaid transactions are collectively referred to as the “**Transactions**” hereinafter.

The aggregate consideration payable by the Group in respect of the Transactions amounts to approximately US\$61 million, and will be fully funded by the Group's internal cash resources.

It is expected that the Transactions will be completed on or before 1 January 2024.

## **INFORMATION OF THE GROUP AND THE WOLVERINE GROUP**

The Group 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 a diverse brand portfolio encompassing the core Xtep brand, K-Swiss, Palladium, Saucony and Merrell to strategically target the mass market, athleisure and professional sports segments, the Group has an extensive global distribution network with more than 8,200 stores in Asia-Pacific, North America and EMEA.

The Wolverine Group is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel, performance outdoor and athletic footwear and apparel, children's footwear, industrial work boots and apparel, and uniform shoes and boots. The Wolverine Group's products are marketed worldwide in approximately

170 countries and territories through owned operations in the United States, Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Wolverine Group relies on a network of third-party distributors, licensees and joint ventures. The Wolverine Group sources and markets a broad range of footwear styles, including shoes, boots and sandals under many recognisable brand names, including Bates, Cat, Chaco, Harley-Davidson, Hush Puppies, HYTEST, Merrell, Saucony, Sperry, Sweaty Betty and Wolverine. Wolverine's common stock is traded on the New York Stock Exchange.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The 2019 Joint Venture demonstrated our operational excellence and capabilities in managing Saucony and Merrell brands. Saucony, in particular, became the first new brand under the Group to achieve profitability in the first half of 2023, showcasing its high brand awareness and increasing popularity to navigate the market in China and capitalize on the demand for professional sportswear.

The directors of the Company (the “**Directors**”) have assessed the operations and financial performance of the Saucony brand and considered that the Transactions can provide the Group with a unified IP structure to effectively support the projected future growth of the Saucony brand in China. Moreover, the Transactions will not only cement the Group's leading multi-brand competitive position but also enhance its geographical diversification and penetration in the market in China.

The Transactions also underscore the Group's confidence in the Saucony and Merrell brands' prospects, and its commitment to further unleash the brands' business potential in China. The consolidation of ownership and management of the joint venture entities is also expected to maximize the synergies in product innovation, marketing and distribution channels between the core Xtep brand and the Saucony and Merrell brands, in addition to the enhanced control over the brand's strategic direction and operational efficiency. Leveraging the capabilities and expertise of the Company and Wolverine in product innovation, the Group would source the products launched by the Wolverine Group, while continue to design and develop our customized collections catered to the Chinese consumers (the “**China Line Products**”). These China Line Products, which currently account for around half of the sales of the Saucony and Merrell brands in China, would provide the Group with the opportunities to explore the global markets and expand the business scale for the Saucony and Merrell brands. The Directors believe that the benefits from the Transactions are in line with the Group's expansion strategy and profitability drivers, fortifying its competitive position and establishing it as a preeminent multi-brand portfolio group, capable of meeting the evolving demands of discerning consumers in the market in China.

## **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios calculated under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in respect of the Transactions exceeds 5%, the Transactions do not constitute any notifiable transactions under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

## **GENERAL**

Since the Transactions are subject to the fulfillment of the conditions as set out in the relevant agreements, the Transactions may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 December 2023

*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.*