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**XU'S SPORT  
COMPANY LIMITED**

許氏體育有限公司

*(Incorporated in Hong Kong with limited liability)*

**PEAK SPORT PRODUCTS  
CO., LIMITED**

匹克體育用品有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1968)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSED PRIVATISATION OF**

**PEAK SPORT PRODUCTS CO., LIMITED**

**BY THE OFFEROR**

**BY WAY OF A SCHEME OF ARRANGEMENT**

**(UNDER SECTION 86 OF THE COMPANIES LAW)**

**(2) PROPOSED WITHDRAWAL OF LISTING**

**AND**

**(3) RESUMPTION OF TRADING IN SHARES**

Financial Adviser to the Offeror

 **華泰金融控股(香港)有限公司**  
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

## **PROPOSED SCHEME OF ARRANGEMENT**

The respective boards of directors of the Offeror and the Company jointly announce that on 26 July 2016, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law.

The Scheme will provide that the Scheme Shares will be cancelled in exchange for HK\$2.60 in cash for each Scheme Share. Under the Scheme, the total consideration payable for the cancellation of the Scheme Shares will be payable by the Offeror.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price represents:

- a premium of approximately 35.4% over the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the trading day immediately before the Initial Announcement Date, being the date of the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code;
- a premium of approximately 29.4% over the average closing price of approximately HK\$2.01 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately before the Initial Announcement Date;
- a premium of approximately 33.3% over the average closing price of approximately HK\$1.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately before the Initial Announcement Date;
- a premium of approximately 33.3% over the average closing price of approximately HK\$1.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days immediately before the Initial Announcement Date;
- a premium of approximately 27.5% over the average closing price of approximately HK\$2.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days immediately before the Initial Announcement Date;
- a premium of approximately 10.6% over the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 15.6% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 20.9% over the average closing price of approximately HK\$2.15 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 24.4% over the average closing price of approximately HK\$2.09 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 27.5% over the average closing price of approximately HK\$2.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a premium of approximately 9.7% over the audited consolidated net asset value per Share of approximately HK\$2.37 as at 31 December 2015.

The implementation of the Proposal and the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse.

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares, and the Company has 2,389,150,394 Shares in issue. As at the date of this announcement, the Scheme Shares, comprising 927,326,148 Shares, represent approximately 38.81% of the issued share capital of the Company.

As at the date of this announcement, there are certain outstanding Share Options granted under the Share Option Scheme, pursuant to which up to a maximum of 13,261,000 new Shares may be issued. Among the said Share Options, outstanding Share Options with respect to 10,253,000 new Shares have already vested as at the date of this announcement, and outstanding Share Options with respect to 3,008,000 new Shares are expected to vest on 1 January 2017. The exercise of all the said Share Options in full would result in the issue of 13,261,000 new Shares, representing approximately 0.555% of the issued share capital of the Company as at the date of this announcement and approximately 0.552% of the issued share capital of the Company as enlarged by the issue of such new Shares. The Offeror will make (or procure to be made on its behalf) an appropriate offer to the Optionholders to cancel every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. Such Option Offer will be conditional upon the Scheme becoming effective.

#### **FINANCIAL RESOURCES**

On the assumption that no outstanding Share Options will be exercised or lapse before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares (before taking into account the Option Offer to be made) is approximately HK\$2,411,047,985, and the amount of cash required for the Option Offer is approximately HK\$8,778,782.

On the assumption that all the outstanding (vested and unvested) Share Options will be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares is approximately HK\$2,445,526,585.

The Offeror intends to finance the cash required for the cancellation of the Scheme Shares and the Option Offer from the loan facilities from CMB. Huatai Financial, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cancellation of the Scheme Shares and the Option Offer in full.

Under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror at par of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid to the Offeror.

As at the date of this announcement, the Offeror does not own any Shares, but the Offeror Concert Parties hold Shares representing, in aggregate, approximately 61.19% of the issued Shares. Upon the Scheme having become effective, and assuming no Share Options will be exercised before the Scheme Record Date, the Offeror will hold approximately 38.81% of the issued share capital of the Company.

#### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises all the non-executive Directors, namely, Dr. Xiang Bing, Mr. Feng Lisheng and Mr. Zhu Haibin, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting, and to the Optionholders as to its views on acceptance of the Option Offer.

Although Ms. Wu Tigao is a non-executive Director, as Ms. Wu Tigao is the spouse of Mr. Xu Jingnan (the Chairman of the Company and an executive Director, and a director of the Offeror), she is regarded as being interested in the Proposal and therefore is not made a member of the Independent Board Committee.

The Directors of the Company (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

#### **INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. Further announcement will be made by the Company after such appointment in accordance with the requirements of the Takeovers Code.

## **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, inter alia, further details of the Proposal and the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal and the Option Offer, a letter of advice from the independent financial adviser to the Independent Board Committee, and a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with the relevant forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations.

## **WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, it is anticipated that listing of the Shares on the Stock Exchange will be withdrawn. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective.

## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who has acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

## **TRADING HALT AND RESUMPTION**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 July 2016 pending the release of this announcement.

An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 1:00 p.m. on 26 July 2016.

**Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.**

## **WARNINGS**

**Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.**

**This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.**

## INTRODUCTION

On 26 July 2016, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

## TERMS OF THE PROPOSAL AND THE OPTION OFFER

### The Scheme

The Scheme will provide that the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive HK\$2.60 in cash for each Scheme Share so cancelled.

Under the Scheme, the total consideration payable for the cancellation of the Scheme Shares will be payable by the Offeror.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price of HK\$2.60 per Scheme Share represents:

- a premium of approximately 35.4% over the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the trading day immediately before the Initial Announcement Date, being the date of the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code;
- a premium of approximately 29.4% over the average closing price of approximately HK\$2.01 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately before the Initial Announcement Date;



- a premium of approximately 33.3% over the average closing price of approximately HK\$1.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately before the Initial Announcement Date;
- a premium of approximately 33.3% over the average closing price of approximately HK\$1.95 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days immediately before the Initial Announcement Date;
- a premium of approximately 27.5% over the average closing price of approximately HK\$2.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days immediately before the Initial Announcement Date;
- a premium of approximately 10.6% over the closing price of HK\$2.35 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 15.6% over the average closing price of approximately HK\$2.25 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 20.9% over the average closing price of approximately HK\$2.15 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 24.4% over the average closing price of approximately HK\$2.09 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 27.5% over the average closing price of approximately HK\$2.04 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a premium of approximately 9.7% over the audited consolidated net asset value per Share of approximately HK\$2.37 as at 31 December 2015.

The Cancellation Price has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

## **The Option Offer**

As at the date of this announcement, there are certain outstanding Share Options granted under the Share Option Scheme, pursuant to which up to a maximum of 13,261,000 new Shares may be issued, and of which outstanding Share Options held by Ms. Wu Bingrui (the spouse of Mr. Xu Zhida and an Offeror Concert Party) entitle her to subscribe for 300,000 new Shares, and the balance of the Share Options are held by certain employees of the Group.

Among the abovementioned Share Options, outstanding Share Options with respect to 10,253,000 new Shares have already vested as at the date of this announcement, and outstanding Share Options with respect to 3,008,000 new Shares are expected to vest on 1 January 2017. The exercise of all the said Share Options in full would result in the issue of 13,261,000 new Shares, representing approximately 0.555% of the issued share capital of the Company as at the date of this announcement and approximately 0.552% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror will make (or procure to be made on their behalf) an appropriate offer, namely, the Option Offer, to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Share Options, vested or unvested, in exchange for cash, being an amount equal to HK\$0.662 (being the “see-through” price, which is the relevant Cancellation Price minus the relevant per Share exercise price under the Share Options) for each outstanding Share Option with an exercise price of HK\$1.938. The Option Offer will be conditional upon the Scheme becoming effective. Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched as far as practicable contemporaneously with the despatch of the Scheme Document.

In the event that any of the outstanding Share Options are exercised on or prior to the Scheme Record Date in accordance with the relevant provisions of the Share Option Scheme, any Shares issued as a result of the exercise of such outstanding Share Options (including the abovementioned Share Options held by Ms. Wu Bingrui) will be subject to and eligible to participate in the Scheme.

## **Total consideration and financial resources**

On the basis of the Cancellation Price of HK\$2.60 per Scheme Share and 927,326,148 Scheme Shares in issue as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$2,411,047,985. As at the date of this announcement, there are certain outstanding Share Options granted under the Share Option Scheme, pursuant to which up to a maximum of 13,261,000 new Shares may be issued. Except the outstanding Share Options, there are no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the assumption that no outstanding Share Options will be exercised or lapse before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares (before taking into account the Option Offer to be made) is approximately HK\$2,411,047,985, and the amount of cash required for the Option Offer is approximately HK\$8,778,782, which is equal to the see-through price of HK\$0.662 per Share under the Share Options multiplied by 13,261,000 Shares that may be issued if the Share Options are exercised in full. Please refer to the section headed "Share Options" for further details.

On the assumption that all the outstanding Share Options (vested and unvested) will be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares is approximately HK\$2,445,526,585.

The Offeror intends to finance the cash required for the cancellation of the Scheme Shares and the Option Offer from the loan facilities from CMB. Huatai Financial, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cancellation of the Scheme Shares and the Option Offer in full.

## **CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders;
- (c)
  - (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
  - (ii) after the above reduction of share capital, the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (f) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals (together, the "**Approvals**") in connection with the Proposal and the Option Offer having been obtained from, given by or made with or by (as the case may be) the relevant Authorities, in the Cayman Islands, Hong Kong, the PRC and/or any other relevant jurisdictions;

- (g) all necessary Approvals in connection with the Proposal and the Option Offer remaining in full force and effect without variation, and all necessary statutory or regulatory requirements or obligations in all relevant jurisdictions having been complied with and no requirement or obligation having been imposed by any Authorities which is not provided for, or is in addition to requirements provided for, in any relevant laws, rules, regulations or codes in connection with the Proposal, the Option Offer or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents (“**Consents**”) which may be required for the implementation of the Proposal, the Scheme or the Option Offer under any existing contractual obligations of the Group being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business, assets or liabilities of the Group;
- (i) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal, the Scheme or the Option Offer or the implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal, the Scheme or the Option Offer or the implementation in accordance with their respective terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal, the Scheme and the Option Offer; and
- (j) since the date of this announcement there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal, the Scheme or the Option Offer).

The Offeror reserves the right to waive the conditions set out in paragraphs (f), (g), (h), (i) and/or (j) above either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c), (d) and (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme or the Option Offer if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal, the Scheme or the Option Offer. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse and the Option Offer will not be implemented. The Company has no right to waive any of the Conditions. With regard to the Conditions set out under paragraphs (f) to (h) above, as at the date of this announcement, neither the Offeror nor the Company is aware that any of the Approvals and Consents is required.

The implementation of the Option Offer will be conditional upon the Scheme becoming effective.

**Warnings:**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme or the Option Offer is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal, the Scheme and the Option Offer may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.**

**SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Shares, of which 2,389,150,394 Shares are in issue.

As at the date of this announcement, the Offeror does not hold any Shares, but the Offeror Concert Parties hold in aggregate 1,461,824,246 Shares, representing approximately 61.19% of the issued share capital of the Company, and the Scheme Shares, comprising 927,326,148 Shares, represent approximately 38.81% of the issued share capital of the Company.

On the assumption that no outstanding Share Options will be exercised before the Scheme Record Date and that there is no change in the issued share capital of the Company from the date of this announcement to the Scheme Record Date, the table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposal:

Shareholder	As at the date of this announcement		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Offeror</b>				
Xu's Sport(Note 1)	-	-	927,326,148	38.81
<b>Offeror Concert Party</b>				
The Controlling Shareholder (Note 2)	911,804,246	38.16	911,804,246	38.16
Alpha Top (Note 3)	273,060,000	11.43	273,060,000	11.43
Brilliant Lead (Note 4)	276,960,000	11.59	276,960,000	11.59
Total number of Shares held by the Offeror and the Offeror Concert Parties	1,461,824,246	61.19	2,389,150,394	100.00
<b>Public shareholder</b>				
Total number of Shares held by the Independent Shareholders	927,326,148	38.81	-	-
Total	2,389,150,394	100.00	2,389,150,394	100.00

Notes:

1. The issued shares of the Offeror are held by Mr. Xu Jingnan (the Chairman of the Company and an executive Director), Mr. Xu Zhihua (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhida) and Mr. Xu Zhida (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhihua) as to 40%, 30% and 30%, respectively.

2. *The issued shares of the Controlling Shareholder are held by Mr. Xu Jingnan (the Chairman of the Company and an executive Director) and Ms. Wu Tigao (a non-executive Director and the spouse of Mr. Xu Jingnan) as to 70% and 30%, respectively.*
3. *Alpha Top is wholly-owned by Mr. Xu Zhihua (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhida).*
4. *Brilliant Lead is wholly-owned by Mr. Xu Zhida (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhihua).*
5. *All percentages in the above table are approximations.*

On the assumption that no outstanding Share Options will be exercised before the Scheme Record Date and that there is no change in the issued share capital of the Company before the date of this announcement and the Scheme Record Date, following the effective date of the Scheme and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold approximately 38.81 % of the issued share capital of the Company, and the Offeror Concert Parties will hold an aggregate of 61.19% of the issued share capital of the Company, and thus the entire issued share capital of the Company will be held by the Offeror and the Offeror Concert Parties.

### **Share Options**

As at the date of this announcement, there are certain outstanding Share Options granted under the Share Option Scheme, pursuant to which up to a maximum of 13,261,000 new Shares may be issued, of which outstanding Share Options held by Ms. Wu Bingrui (the spouse of Mr. Xu Zhida and an Offeror Concert Party) entitle her to subscribe for 300,000 new Shares, and the balance of the Share Options are held by certain employees of the Group.

Among the said outstanding Share Options, outstanding Share Options with respect to 10,253,000 new Shares have already vested as at the date of this announcement, and outstanding Share Options with respect to 3,008,000 new Shares are expected to vest on 1 January 2017. The exercise of all the said Share Options in full would result in the issue of 13,261,000 new Shares, representing approximately 0.555% of the issued share capital of the Company as at the date of this announcement and approximately 0.552% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Accordingly, as far as practicable and contemporaneously with the despatch of the Scheme Document, the Offeror will make (or procure to be made on its behalf) the Option Offer for all the outstanding Share Options, assuming there will be no exercise or lapse of such Share Options before the Scheme Record Date. Such Option Offer is conditional upon the Scheme becoming effective.



On the assumption that all the above-mentioned outstanding vested Share Options as at the date of this announcement will be exercised before the Scheme Record Date and not lapse, and that there will be no other change in shareholdings of the Company, the table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposal:

Shareholder	As at the date of this announcement		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Offeror</b>				
Xu's Sport	-	-	937,579,148	39.08
<b>Offeror Concert Party</b>				
The Controlling Shareholder	911,804,246	38.16	911,804,246	38.00
Alpha Top	273,060,000	11.43	273,060,000	11.38
Brilliant Lead	276,960,000	11.59	276,960,000	11.54
Ms. Wu Bingrui	-	-	-	-
Total number of Shares held by the Offeror and the Offeror Concert Parties	1,461,824,246	61.19	2,399,403,394	100.00
<b>Public shareholder</b>				
Total number of Shares held by the Independent Shareholders	927,326,148	38.81	-	-
<b>Total</b>	2,389,150,394	100.00	2,399,403,394	100.00

As at the date of this announcement, except as disclosed in the section headed “Shareholding Structure of the Company – Share Options” in this announcement, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties, or outstanding derivatives in respect of the securities of the Company entered into by the Offeror or the Offeror Concert Parties. Save for the outstanding Share Options, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the date of this announcement.

#### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises all the non-executive Directors, namely, Dr. Xiang Bing, Mr. Feng Lisheng and Mr. Zhu Haibin, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting, and to the Optionholders as to its views on acceptance of the Option Offer.

Although Ms. Wu Tigao is a non-executive Director, as Ms. Wu Tigao is the spouse of Mr. Xu Jingnan (the Chairman of the Company and an executive Director, and a director of the Offeror), she is regarded as being interested in the Proposal and therefore is not made a member of the Independent Board Committee.

The Directors of the Company (excluding members of the Independent Board Committee) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Scheme Shareholders are reminded to carefully read the Scheme Document and the letter of advice from the independent financial adviser to the Independent Board Committee contained therein before making a decision.

#### **INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. Further announcement will be made by the Company after such appointment in accordance with the requirements of the Takeovers Code.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL, AND THE OFFEROR'S INTENTION IN RELATION TO THE GROUP**

The Company plans to implement a series of long-term growth strategies, which may affect the Company's short-term growth profile and may result in divergence between the Offeror's views on the Company's potential long-term value and investors' views on the Company's share price. Following the implementation of the Proposal and the Option Offer, the Offeror and the Company can make strategic decisions focused on long-term benefits, free from the pressure of market expectations, profit visibility and share price fluctuation associated with being a publicly listed company.

Since its listing in September 2009, the Company's share price performance has not been satisfactory. As a well-recognized sportswear company in China, the Company values its reputation. The Offeror considers that the depressed share price has had an adverse impact on the Company's reputation with customers, and therefore on its business, and also on staff morale. The implementation of the Proposal could eliminate this adverse impact.

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 5,881,947 Shares per day, representing only approximately 0.25% of the issued Shares as at the date of this announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investments in the Company for the following reasons:

- **Premium valuation:** The Cancellation Price of HK\$2.60 per Scheme Share represents a premium of approximately 35.4% over the closing price per Share on the trading day immediately before the Initial Announcement Date and a premium of approximately 10.6% over the closing price per Share on the Last Trading Day. The Cancellation Price also represents a premium of approximately 15.6% and 20.9% over the average closing prices of approximately HK\$2.25 and approximately HK\$2.15 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

- **Certain and immediate premium for low liquidity in the Shares:** The Scheme provides an opportunity for the holders of the Scheme Shares to dispose of their Shares expeditiously and receive cash at a price above the prevailing market price, particularly in light of the underperformance of the share price since the Company's listing in 2009. Given the low liquidity of the Shares, it is also challenging for the holders of the Scheme Shares to realize their Shares in the stock market without adversely affect the market price of the Shares. The Scheme also affords the Scheme Shareholders the opportunity, if they so wish, to realize their investments in the Company and invest the monies received in alternative investments with higher liquidity.

In addition, the listing of Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company's business operations.

#### **INFORMATION ON THE COMPANY**

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares have been listed on the Main Board of the Stock Exchange since 16 September 2009. The Group is principally engaged in the manufacture and distribution of sports products including footwear, apparel and accessories.

As at the date of this announcement, the Company is solvent and is not unable to pay its debts as they fall due and will not become unable to do so immediately after the date of this announcement.

#### **INFORMATION ON THE OFFEROR**

The Offeror is a Hong Kong incorporated company with limited liability established for the purpose of the Scheme and the Option Offer and is held by Mr. Xu Jingnan (the Chairman of the Company and an executive Director), Mr. Xu Zhihua (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhida) and Mr. Xu Zhida (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhihua) as to 40%, 30% and 30%, respectively.

## **INFORMATION ON THE OFFEROR CONCERT PARTIES**

The Controlling Shareholder, Alpha Top and Brilliant Lead are parties acting in concert with the Offeror.

The issued shares of the Controlling Shareholder are held by Mr. Xu Jingnan (the Chairman of the Company and an executive Director) and Ms. Wu Tigao (a non-executive Director and the spouse of Mr. Xu Jingnan) as to 70% and 30%, respectively. The Controlling Shareholder is principally engaged in the business of investment holding.

Alpha Top is wholly-owned by Mr. Xu Zhihua (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhida). Alpha Top is principally engaged in the business of investment holding.

Brilliant Lead is wholly-owned by Mr. Xu Zhida (an executive Director and a son of Mr. Xu Jingnan and Ms. Wu Tigao, and a brother of Mr. Xu Zhihua). Brilliant Lead is principally engaged in the business of investment holding.

## **WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective. The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, inter alia, further details of the Scheme.

## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

**Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.**

## **OVERSEAS SHAREHOLDERS**

The making and implementation of the Proposal to Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located. Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and Optionholders wishing to take any action in relation to the Proposal and the Option Offer respectively to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any acceptance by the Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with.

## **SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY**

As at the date of this announcement, the Controlling Shareholder, Alpha Top and Brilliant Lead hold an aggregate of 1,461,824,246 Shares, representing approximately 61.19% of the issued share capital of the Company. Such Shares will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting. Further, the Offeror and the Offeror Concert Parties will abstain from voting at the Court Meeting.

The Offeror and, if required, each of the Controlling Shareholder, Brilliant Lead and Alpha Top will undertake to the Grand Court that it or they (as the case may be) will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror. The Controlling Shareholder, Brilliant Lead and Alpha Top will undertake that if the Scheme is approved at the Court Meeting, they will cast the votes in respect of those Shares held by them in favour of the resolutions to be proposed at the extraordinary general meeting of the Company.

### **COSTS OF THE SCHEME**

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the Proposal, the Scheme or the Option Offer, and the Scheme is not approved, all expenses incurred by the Company in connection therewith or with the Proposal or the Option Offer shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

### **GENERAL**

The Offeror has appointed Huatai Financial as its financial adviser in connection with the Proposal.

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal and the Option Offer.

There are no agreements or arrangements to which the Offeror is a party which relates to the circumstances in which they may or may not invoke or seek to invoke a condition to the Proposal and the Option Offer.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any relevant securities of the Company as at the date of this announcement.

Save as set out in the paragraph below, neither the Offeror nor any Offeror Concert Parties including the Controlling Shareholder, Alpha Top and Brilliant Lead or their respective shareholders has dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the securities of the Company in the six-month period prior to the Initial Announcement Date up to the date of this announcement.

Huatai Financial is the financial adviser to the Offeror in respect of the Proposal and the Option Offer. Accordingly, Huatai Financial and relevant members of the Huatai Financial Group are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of “acting in concert” in the Takeovers Code (except in respect of Shares held on behalf of non-discretionary investment clients of the Huatai Financial Group). Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by the other parts of the Huatai Financial Group will be obtained as soon as possible after this announcement has been made, and if necessary a further announcement will be made, in accordance with Note 1 to Rule 3.5 of the Takeovers Code. The statements in this announcement as to holdings or borrowings or lendings of, or dealings in, or voting of Shares (or options, rights over Shares, warrants or derivatives in respect of them) by parties acting in concert with the Offeror under the Takeovers Code are subject to (if any) the holdings, borrowings, lendings or dealings (if any) of such members of the Huatai Financial Group.

As at the date of this announcement, save as disclosed under the section headed “Share Options” in this announcement, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties, or outstanding derivatives in respect of the securities of the Company entered into by the Offeror or the Offeror Concert Parties. No irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the date of this announcement.

## **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, inter alia, further details of the Proposal, the Scheme and the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the Rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with the relevant forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to carefully read the Scheme Document containing such disclosures before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company.



## **DISCLOSURE OF DEALINGS**

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period commencing on the Initial Announcement Date, being the date of the announcement issued by the Company in accordance with Rule 3.7 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **TRADING HALT AND RESUMPTION**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 July 2016 pending the release of this announcement.

An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 1:00 p.m. on 26 July 2016.

**Shareholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party(ies)” shall be construed accordingly
“Alpha Top”	Alpha Top Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Approvals”	has the meaning ascribed to it under the section headed “Conditions of the Proposal and the Scheme” of this announcement
“associates”	has the meaning ascribed to it in the Takeovers Code
“Authority(ies)”	government, quasi-governmental and/or governmental body(ies), statutory or regulatory body(ies), court(s), or designated authorized body(ies) or agency(ies) of any of the foregoing
“Board”	the board of directors of the Company
“Brilliant Lead”	Brilliant Lead Group Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Cancellation Price”	the cancellation price of HK\$2.60 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CMB”	China Merchants Bank Co., Ltd., Hong Kong Branch
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands

“Company”	Peak Sport Products Co., Limited (匹克體育用品有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are currently listed on the Main Board of the Stock Exchange
“Conditions”	the conditions to the implementation of the Proposal, the Scheme and the Option Offer as set out in the section headed “Conditions of the Proposal and the Scheme” of this announcement
“Controlling Shareholder”	Ever Sound Development Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company
“Consent”	has the meaning ascribed to it under the section headed “Conditions of the Proposal and the Scheme” of this announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme will be voted upon
“Director(s)”	Director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited, the financial adviser to the Offeror in connection with the Proposal and the Option Offer. Huatai Financial is a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“Huatai Financial Group”	Huatai Financial and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as Huatai Financial
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of, among others, the Proposal, the Scheme and the Option Offer
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Initial Announcement Date”	24 May 2016, being the date of the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code
“Last Trading Day”	25 July 2016, being the last trading day prior to the issue of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 28 February 2017 or such other date as agreed between the Company and the Offeror
“Offeror” or “Xu’s Sport”	Xu’s Sport Company Limited 許氏體育有限公司, a company incorporated in Hong Kong with limited liability
“Offeror Concert Party(ies)”	any party(ies) acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including the Controlling Shareholder, Alpha Top and Brilliant Lead
“Optionholder(s)”	holder(s) of the Share Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the outstanding Share Options
“Option Offer Price”	the price payable by the Offeror to the Optionholders in consideration for their agreement to cancel their Share Options, the details of which are set out in the section headed “The Option Offer” in this announcement

“PRC”	The People’s Republic of China, but for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, on the terms and subject to the conditions set out in this announcement
“relevant securities”	has the meaning ascribed to it in the Takeovers Code
“Scheme”	the scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares
“Scheme Document”	the scheme document of the Company and the Offeror to be issued to all Shareholders containing, inter alia, further details of the Proposal together with the additional information specified in the section of this announcement headed “Despatch of Scheme Document” above
“Scheme Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Scheme Share(s)”	Share(s) other than those held by the Controlling Shareholder, Alpha Top and Brilliant Lead
“Scheme Shareholder(s)”	Holder(s) of Scheme Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time. As at the date of this announcement, there are outstanding share options pursuant to which up to a maximum of 13,261,000 new Shares may be issued at HK\$1.938 per Share
“Share Option Scheme”	the share option scheme adopted by the Company on 8 September 2009
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

*\* For the purpose of this announcement, unless otherwise specified, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.8619. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

**By Order of the Board of  
Xu’s Sport Company Limited**  
許氏體育有限公司  
Xu Jingnan  
Director

**By Order of the Board of  
Peak Sport Products Co., Ltd**  
匹克體育用品有限公司  
Xu Jingnan  
Chairman

Hong Kong, 26 July 2016

*As at the date of this announcement, the directors of the Offeror are Mr. Xu Jingnan, Mr. Xu Zihua and Mr. Xu Zhida.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the Board of the Company comprises three executive Directors, namely, Mr. Xu Jingnan, Mr. Xu Zihua and Mr. Xu Zhida; one non-executive Director, namely, Ms. Wu Tigao; and three independent non-executive Directors, namely Dr. Xiang Bing, Mr. Feng Lisheng and Mr. Zhu Haibin.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror) having been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*