

**IPO FACT SHEET**

**Topsports International Holdings Limited (6110)**

**ISSUE STATISTICS**

|                                      |  |
|--------------------------------------|--|
| <b>Offer Size:</b>                   | HK\$7,720.53m – HK\$9,394.86m                                  |
| <b>Placement Tranche:</b>            | 930.184m   |
| <b>Price:</b>                        | HK\$8.30– HK\$10.10  |
| <b>Board lot:</b>                    | 1,000  |
| <b>Entry fee:</b>                    | HK\$10,201.78  |
| <b>Historical PE</b>                 | 21.17x – 25.76x  |
| <b>Net tangible asset per share:</b> | HK\$1.48 – HK\$1.75  |
| <b>Market Cap (post-IPO):</b>        | HK\$51,470.1m – HK\$62,632.3m                                  |
| <b>Open:</b>                         | 26 Sep 2019  |
| <b>Close:</b>                        | 12.00 noon on 2 Oct 2019                                       |
| <b>Trading:</b>                      | 10 Oct 2019  |
| <b>Sponsor:</b>                      | Merrill Lynch Far East Limited and Morgan Stanley Asia Limited |

| <b>Year ended 28 Feb</b> | <b>(RMB m)</b> | <b>yoy % chg</b> |
|--------------------------|----------------|------------------|
| Revenue                  |                |                  |
| 2018                     | 26,549.9       | 22.4%            |
| 2019                     | 32,564.4       | 22.7%            |
| Profit for the period    |                |                  |
| 2018                     | 1,436.0        | 9.0%             |
| 2019                     | 2,199.8        | 53.2%            |

**BACKGROUND**

- The Group operate a consumer-centric sportswear retail and service platform in China.
- Through their industry-leading nationwide directly-operated store network, they come into daily contact with an estimate of more than two million consumers, for whom they provide quality sportswear products and differentiated services, such as various membership benefits and social community content-sharing.
- According to Frost & Sullivan, they are the largest sportswear retailer in China in terms of estimated total retail-equivalent sales value (inclusive of VAT) in 2018 with a 15.9% market share.
- They have built strategic partnerships with leading international sportswear brand partners over the years, providing them with access to the Chinese market and insights on Chinese consumers.
- In recent years, their technology initiatives have further allowed us to expand their consumer outreach and engagement, empower their staff, and enhance their store network and operations, resulting in better consumer experience and increased efficiency and productivity.
- They operate a nationwide retail network, which included 8,372 directly-operated stores (comprising 8,317 mono-brand stores and 55 multi-brand stores) as of the Latest Practicable Date.

**BUSINESS STRATEGIES**

- Accelerate their digital transformation.
- Expand and continuously upgrade their store network.
- Upgrading and developing their own information technology and smart systems.
- Expand their brand offerings and deepen collaboration with brand partners.
- Continue to attract, develop and retain high-caliber employees.
- Further enrich their consumer-centric platform offerings.

### COMPETITIVE STRENGTHS

- The largest sportswear retailer in China with the most extensive and deeply penetrating directly-operated sportswear store network.
- Continuous, wide-reaching and direct interactions with consumers leading to deep consumer insights and differentiated consumer services and experiences.
- Technology-enabled systemized retail operations resulting in best-in-class operational efficiency and productivity to drive future growth.
- Strategic partner for the world's leading sports brands.
- Highly motivated, experienced and visionary management team.

### KEY RISKS

- Their sales depend on their ability to understand and timely respond to changes in consumer preferences and spending patterns.
- Their results of operations may be negatively affected if the brands and sportswear products that they offer lose their popularity including as a result of negative publicity.
- They operate in a highly competitive and fast-changing market, and increased competition may limit their growth and reduce their profitability.
- They may not be able to successfully expand their store network. If they are unable to identify and secure suitable locations for new stores on commercially acceptable terms, their expansion and growth prospects may be adversely affected.
- Their investment in technology may not generate expected returns.
- If they fail to maintain good relationships or renew their retail agreements with their brand partners, their profitability and business prospects may be materially and adversely affected.
- If they do not successfully manage their inventory levels, their business may be materially and adversely impacted.
- Changes in the business prospects of their acquisitions may result in goodwill impairment, which could adversely affect their results of operations and financial condition.
- They may need to provide impairment loss for their intangible assets, which could negatively affect their results of operations and financial condition.

### DIVIDEND POLICY

- They expect to pay dividends of approximately 50% of their annual net profit attributable to the equity holders of their Company.

### USE OF PROCEEDS

|   | HK mn          | As a percentage of gross proceeds from the Invitation |
|---|----------------|---|
| Invest in technology initiatives for their business                                 | 800.0          | 9.7%  |
| Repay outstanding amounts due to Belle International and their fellow subsidiaries. | 3,717.4        | 45.0%   |
| Repay their short-term bank borrowings.   | 2,210.5        | 26.8%   |
| Working capital and other general corporate purposes.                               | 825.7          | 10.0%   |
| Settlement of their dividend payable  | 703.2          | 8.5%  |
| <b>Total:</b>   | <b>8,256.8</b> | <b>100.0%</b>   |

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