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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

**PROPOSED SHARE PURCHASE PURSUANT
TO THE SHARE AWARD SCHEME
AND
INCREASE IN SHAREHOLDING
BY CHAIRMAN AND CERTAIN SENIOR MANAGEMENT**

The Board wishes to announce that it has authorized the trustee of the Share Award Scheme to conduct on-market share purchase(s) of not more than 20,000,000 Shares using not more than HK\$100 million and hold such Shares as reserve for future award of Shares under the Share Award Scheme.

The Company has also been informed by its chairman Mr. Ding Shui Po and certain senior management that they have already and intend to continue to increase their respective shareholdings in the Company subject to market conditions.

The Proposed Share Purchases will be made at the discretion of the Board and subject to market conditions. There is no assurance of the timing, quantity or price at which the Proposed Share Purchases will be made or whether the Proposed Share Purchases will be carried out at all.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This is a voluntary announcement made by Xtep International Holdings Limited (the “**Company**”, and together its subsidiaries, the “**Group**”).

PROPOSED SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME

Reference is made to the Company's announcement dated 1 August 2014 in relation to the share award scheme (the "**Share Award Scheme**") adopted by the Company.

The board (the "**Board**") of directors (the "**Directors**") of the Company announces that it has authorized the trustee (the "**Trustee**") of the Share Award Scheme to conduct open-market share purchase(s) of not more than 20,000,000 ordinary shares of the Company (the "**Shares**") using not more than HK\$100 million and hold such Shares as reserve for future award of Shares under the Share Award Scheme (the "**Proposed Share Purchases**").

The Board considers that the Proposed Share Purchases are in the interest of the Company and its shareholders as a whole because:

- (1) the Board believes that the Shares are trading at a level which significantly undervalues the Company's performance and underlying value, which represents a good opportunity to acquire Shares on the market as reserve for future award of Shares under the Share Award Scheme;
- (2) the Group has completed its 3-year transformation as described in the Company's 2017 annual report published on 4 April 2018. During the first quarter of 2018, the average same store sales performance (in terms of the retail value) recorded low-teens growth compared with the same period in 2017. Thus the Board expects the Group to record strong financial performance and cash flow in 2018; and
- (3) the Group's net cash position is strong, with RMB2,933.8 million of net cash and cash equivalents, which is equivalent to 55.1% of net assets as at 31 December 2017.

Both strong expected future cash flow and healthy current financial position of the Group enable the Company to provide the necessary funding to the Trustee to carry out the Proposed Share Purchases while maintaining sufficient financial resources for continued growth of the Group's operations.

Further announcement will be made by the Company upon the award of the Shares purchased to the eligible persons under the Share Award Scheme.

INCREASE IN SHAREHOLDING BY CHAIRMAN AND CERTAIN SENIOR MANAGEMENT

The Company has also been informed by its chairman Mr. Ding Shui Po and certain senior management that they have already and intend to continue to increase their respective shareholdings in the Company subject to market conditions.

The Company will continue to monitor the increase in shareholding of the Company by its chairman, directors and senior management and make timely disclosure in accordance with the applicable rules and regulations.

GENERAL

The Proposed Share Purchases will be made at the discretion of the Board and subject to market conditions. There is no assurance of the timing, quantity or price at which the Proposed Share Purchases will be made or whether the Proposed Share Purchases will be carried out at all.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 7 May 2018

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. Ho Yui Pok, Eleutherius; and the independent non-executive Directors are Mr. Tan Wee Seng, Dr. Gao Xiao Feng and Dr. Bao Ming Xiao.