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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 FORMATION OF JOINT VENTURE

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On 4 March 2019, Xtep Holdco, a direct wholly-owned subsidiary of the Company and the JV Partner, a wholly owned subsidiary of Wolverine, entered into certain joint venture agreements for the establishment of the Joint Venture for carrying out the development, marketing and distribution of footwear, apparel and accessories under the Merrell and Saucony brands in Mainland China, Hong Kong and Macau.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture exceeds 5%, the formation of the Joint Venture does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

FORMATION OF JOINT VENTURE

On 4 March 2019, Xtep Holdings Limited (“**Xtep Holdco**”), a direct wholly-owned subsidiary of Xtep International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and Gemini Operations B.V. (the “**JV Partner**”), a wholly owned subsidiary of Wolverine World Wide, Inc. (“**Wolverine**”, together with its subsidiaries, the “**Wolverine Group**”) entered into certain joint venture agreements for the establishment of certain joint venture entities (collectively the “**Joint Venture**”) to carry out the development, marketing and distribution of footwear, apparel and accessories under the Merrell and Saucony brands in Mainland China, Hong Kong and Macau (the “**Relevant Territories**”).

The agreed initial capital contribution from each of Xtep Holdco and the JV Partner to the Joint Venture shall be approximately RMB155 million.

INFORMATION OF THE GROUP AND THE WOLVERINE GROUP

The Group established its own sportswear brand “Xtep” in 2002, which is now one of the leading professional sports domestic brands offering stylish and functional sportswear products in Mainland China. The Group has an extensive distribution network with exclusive distributors that operate over 6,200 standalone stores nationwide covering 31 provinces, autonomous regions and municipalities in Mainland China, coupled with some points of sale overseas. The Group has principally been engaged in design, development, manufacturing, sales and marketing and brand management of sports footwear, apparel and accessories.

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 200 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, Keds, Merrell, Saucony, Sperry and Wolverine. Wolverine’s common stock is traded on the New York Stock Exchange.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The directors of the Company (the “**Directors**”) consider that the Joint Venture will create business synergies in the following perspectives:

Elevating to a multi-brand portfolio group to cater to the more sophisticated Chinese clientele

Wolverine Group’s Merrell and Saucony brands and product offerings are complementary to the Group’s brand positioning and product portfolio. Amid the strong momentum and the booming market demand in the running and outdoor sportswear sectors in China, the Joint Venture will introduce the Merrell and Saucony brands and their internationally acclaimed outdoor and running footwear, apparel and accessories products in the Relevant Territories tapping the Group’s strong retail network and relationship with shopping mall operators. Majority of the new store openings will be in the shopping malls of the higher tier cities in Mainland China, coupled with the increasing presence in Hong Kong and Macau.

In addition, a two-pronged approach will be adopted in product offerings in the stores. High-end signature products of the Merrell and Saucony brands as well as styles exclusively designed and manufactured according to the Chinese fits and tastes will be available in the market. It is in line with the Group’s strategic direction to elevate Xtep to a multi-brand portfolio group capable of addressing to the needs of the more sophisticated Chinese clientele.

Leveraging the strength of Xtep and the Merrell and Saucony brands to foster product innovation and to deliver diversified product offering

The Joint Venture will enable the Group and the Wolverine Group to leverage each other’s strength in product development and supply chain management. Merrell is one of the most popular global outdoor lifestyle brands and is appreciated for its high quality and cutting-edge technology. Standing out in design, quality, durability, versatility and comfort, Merrell prides itself on creating products that make outdoor activities perfect to enjoy. As for Saucony, it is among the top four most well-known running shoe brands in the world with products of professional quality and employing advanced technologies. It targets both elite and casual runners with award-winning product design, innovation and performance-enhancing technology. Its products focus on meeting the technical needs of runners, while providing them with maximum comfort and protection, leading the market in product innovation. Collaboration between the Group and the Wolverine Group will foster product innovation while the Group’s inherent edge in supply chain management will enable the Merrell and Saucony brands to deliver more diversified product offering catering to different customer needs.

Optimising supply chain operations and resources between Xtep and the Merrell and Saucony brands

The Group (other than members of the Joint Venture) will remain focused on Xtep brand business in Mainland China and overseas markets, while the Joint Venture's operations will be run as a standalone business under the joint leadership from both the Group and the Wolverine Group. The Joint Venture is expected to be benefited from the expanded scale of supply chain from procurement, design and development, production to distribution. The Joint Venture will also leverage the Group's operational resources such as sports marketing in marathons and Xtep Run Clubs to raise the brand awareness of the Merrell and Saucony brands effectively.

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 formation of the Joint Venture exceeds 5%, the formation of the Joint Venture does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis.

Since the formation of the Joint Venture are subject to the fulfillment of the relevant conditions precedent as set out therein, the formation of the Joint Venture 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, 4 March 2019

As at the date of this announcement, the executive Directors 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.