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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
OPERATIONAL UPDATE

This announcement is made by the board of directors (the “**Board**”) of Xtep International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis regarding the Group’s operations amid the recent outbreak of the coronavirus disease 2019 (COVID-19) in Mainland China (the “**Outbreak**”).

The Group has adopted stringent measures in response to the Outbreak. An epidemic response committee was established by the executive Directors and senior management of the Group to closely monitor the development of the Outbreak and centralize the decision-making for immediate responses and executions with an aim to minimize the impact of the Outbreak on the Group’s operations.

The Chinese government has implemented various emergency measures to contain the spread of the coronavirus. Among others, the resumption of the operations of factories, offices and stores in Mainland China has been delayed, which has caused general disruptions in the supply chain and production. Facing the current headwinds in the industry, the Group’s recent orders and replenishments from its distributors have also inevitably been affected. While it is contemplated that the Outbreak will adversely affect the Group’s financial performance in the first half of 2020, it is impracticable to gauge the extent of the impact which would depend on how efficiently the Outbreak could be controlled. Nevertheless, the Group is proactively diverging its sales to its e-commerce platforms and executing various cost control measures to alleviate the impact of the Outbreak. The signs of recovery are expected to gradually emerge in the second half of 2020.

Xtep's branded offline stores, in-house production facilities and offices have partially resumed operations since 10 February 2020. Yet, part of the in-house productions are still suffering interruptions as the employees are unable to return to the factories under the precautionary measures imposed by the Chinese government and the suspension of public transportations. The Group is working closely with its suppliers and OEM manufacturers to reduce the impact of the Outbreak on its supply chain. The Group expects that the interrupted production lines and all offline stores (except for the stores located in the Hubei province) will resume normal operations by the end of February 2020. To comply with the guidelines and regulations announced by the Chinese government, the Group has implemented rigorous precautionary measures in its workplaces. Discussions and meetings are conducted through video conferences to help prevent the spread of the coronavirus.

Furthermore, as a socially responsible corporation, the Group is committed to supporting the fight against the Outbreak. In February 2020, the Group donated RMB20 million worth of winter outfits and highly breathable clothing to the medical crews in Hubei province.

Looking ahead, the Group believes that the Outbreak will further increase the health awareness levels among Chinese people and the Group remains confident in its long-term business development and the prospect of the sportswear industry. At the same time, the Group believes that the consolidation in the sportswear market is likely to intensify in the aftermath of the Outbreak. The Group is confident that it is well-placed to overcome current situation backed by its solid foundation and strong net cash positions.

To foster timely communications with our stakeholders, particularly the investment community, we will issue further announcement(s) regarding the operational update when appropriate.

The Company's shareholders and potential investors are advised 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, 18 February 2020

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