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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)**

## **POSITIVE PROFIT ALERT AND OPERATIONAL UPDATE ON BUSINESS IN MAINLAND CHINA FOR THE SECOND QUARTER OF 2021**

This announcement is made by Xtep International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **POSITIVE PROFIT ALERT**

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the latest information available to the Board, the Group is expected to record a significant increase of not less than 65% in its unaudited consolidated profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2021 (the “**Period**”) as compared to that for the corresponding period in 2020. Such increase was primarily due to the following factors:

- i. A better-than-expected increase in consolidated revenue for the Period which was mainly attributable to (a) remarkable replenishment orders from distributors of the core Xtep brand as a result of the robust retail sales performance; (b) accelerated growth of the core Xtep brand’s e-commerce business thanks to our intensified promotional efforts in various online platforms, social media and live streaming channels to drive sales; and (c) buoyant sales momentum of the Xtep Kids business after its successful restructuring from product design and quality to brand positioning and retail network management.

- ii. An improvement in the gross profit margin of the core Xtep brand primarily driven by (a) our continual product innovation and diversification appealing to the consumers' preferences; and (b) a lower base of comparison triggered by the one-off inventory buy-back in the first half of 2020.

**OPERATIONAL UPDATE — CORE XTEP BRAND**  
**For the three months ended 30 June 2021**

|   | <b>Change compared to the same period last year</b> |
|---|---|
| <b>Retail sell-through growth (including offline and online channels)</b> | 30%–35% growth                                      |
| <b>Retail discount level</b>  | 20%–25%   |

**For the six months ended 30 June 2021**

|   | <b>Change compared to the same period last year</b> |
|---|---|
| <b>Retail sell-through growth (including offline and online channels)</b> | 40%-45% growth                                      |
| <b>Retail inventory turnover</b>  | Around 4 months                                     |

The Company's shareholders and potential investors should note that the information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available, including the unaudited consolidated management accounts of the Group for the Period and unaudited operational data of the Group for the three months ended 30 June 2021, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company and may be subject to adjustments and provisions. The interim results announcement for the Period is expected to be published in August 2021.

**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, 13 July 2021

*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. Bao Ming Xiao and Dr. Wu Ka Chee, Davy.*