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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 FOURTH 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 For the year ended 31 December 2021

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 a preliminary review of the unaudited consolidated financial statements of the Group for the year ended 31 December 2021, the Group is expected to record a significant increase of not less than 70% in its consolidated profit attributable to ordinary equity holders of the Company for the year ended 31 December 2021 (the “**Year**”) as compared to that for the year ended 31 December 2020. Such increase was primarily due to the following factors:

- i. A strong increase in consolidated revenue for the Year driven by (a) an over 30% growth in core Xtep brand’s revenue in second half of 2021 due to robust sales orders from distributors following our successful launch of signature functional and lifestyle products and retail channel upgrade during the Year; (b) accelerated revenue growth of the core Xtep brand’s e-commerce and kids’ businesses given their respective completed restructurings from branding, products to operations.
- ii. An expansion in the gross profit margin of the core Xtep brand primarily attributable to (a) our continual effort in product innovations and better product offerings; 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 31 December 2021

	Change compared to the same period last year
Retail sell-through growth (including offline and online channels)	20%–25%
Retail discount level	20%–25%

For the year ended 31 December 2021

	Change compared to the same period last year
Retail sell-through growth (including offline and online channels)	More than 30%
Retail inventory turnover	Around 4 months

The Company is still in the process of finalizing the consolidated results of the Group for the year ended 31 December 2021. 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 with the information currently available, including the unaudited consolidated management accounts of the Group for the Year and unaudited operational data of the Group for the three months ended 31 December 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. Shareholders and potential investors of the Company are advised to carefully read the announcement of the Company in relation to the results of the Group for the year ended 31 December 2021, which is expected to be released in March 2022.

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, 14 January 2022

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.