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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)

2026 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

- Revenue of the Group amounted to RMB6,794.9 million. Revenue of the core Xtep brand decreased modestly by 2.2% to RMB5,919.9 million, while professional sports segment delivered solid revenue growth of 11.4% to RMB875.0 million.
- Revenue of overseas business more than doubled, driven by strong momentum in cross-border e-commerce and the strategic rollout of new image stores across Southeast Asia.
- Gross profit margin expanded by 1.4 percentage points to 46.4%, fueled by strengthened branding of the core Xtep brand and the ongoing premiumization strategy of Saucony.
- Profit attributable to ordinary equity holders of the Company amounted to RMB817.9 million, net profit margin was 12.0%.
- The Group's financial position remains strong, with net operating cash inflow increasing by 9.5% to RMB847.3 million and net cash surging by 36.3% to RMB2,325.8 million (2025: RMB1,707.0 million).
- Basic earnings per Share were RMB30.0 cents. The Board has declared an interim dividend of HK18.0 cents per Share, with an option to receive scrip shares in lieu of cash. The dividend payout ratio increased to 53.8%.
- As at 30 June 2026, there were 6,308 Xtep Adult and 1,455 X Young branded stores in China and overseas. Saucony recorded 180 stores in China.

The Board of Directors (the "**Board**") of Xtep International Holdings Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (together referred to as the "**Group**") for the six months ended 30 June 2026. This announcement, containing the full text of the 2026 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to information to accompany preliminary announcements of interim results.

MISSION

A customer-centric approach to promoting wellness through sports

VISION

Leveraging technological innovation to create the world's leading sportswear enterprise

VALUES

Passionate, Innovative, Efficient, Collaborative

Xtep International Holdings Limited (SEHK stock code: 1368) is a leading multi-brand sportswear company listed on the Main Board of the Hong Kong Stock Exchange in 2008. The Group is principally engaged in the design, development, manufacturing, sales, marketing and brand management of sports products including footwear, apparel and accessories for adults and children. With its core Xtep brand, as well as Saucony and Merrell within its diversified brand portfolio, the Group strategically targets the mass market and professional sports segments through an extensive distribution network of around 8,000 stores.

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INTERIM RESULTS AT A GLANCE

Revenue	RMB 6,795M	▼ 0.6%
Gross profit margin	46.4%	▲ 1.4% pts
Profit attributable to ordinary equity holders	RMB 818M	Net profit margin 12.0%
Operating cash flow	RMB 847M	▲ 9.5%
Net cash	RMB 2,326M	Compared with 31 December 2025 ▲ 36.3%
Interim dividend per Share	HK 18.0 CENTS	Payout ratio 53.8%

FIVE-YEAR FINANCIAL SUMMARY

For the six months ended 30 June	2026	2025	2024	2023	2022
Profitability data (RMB Million)					
Revenue (Note 11)	**6,794.9**	6,837.6	6,381.7	5,773.8	5,054.1
Gross profit (Note 11)	**3,154.6**	3,073.7	2,875.5	2,483.0	2,136.1
Operating profit (Note 11)	**1,160.9**	1,304.8	1,195.8	1,074.7	954.7
Profit attributable to ordinary equity holders	**817.9**	913.6	752.1	665.4	590.4
Basic earnings per Share (RMB cents) (Note 1)	**30.02**	34.55	29.66	26.36	23.47
Profitability ratios (%)					
Gross profit margin (Note 11)	**46.4**	45.0	45.1	43.0	42.3
Operating profit margin (Note 11)	**17.1**	19.1	18.7	18.6	18.9
Net profit margin (Note 11)	**12.0**	13.4	11.8	11.5	11.7
Effective tax rate (Note 11)	**28.6**	28.7	25.4	24.1	32.5
Return on average total equity holders' equity (annualized) (Note 2)	**15.5**	19.7	16.4	15.7	14.6
Operating ratios (as a percentage of revenue) (%)					
Advertising and promotional costs	**12.0**	12.6	12.6	13.4	10.1
Staff costs	**10.5**	10.2	10.3	9.4	11.2
R&D costs	**2.7**	2.8	2.5	3.0	2.1

As at 30 June	2026	2025	2024	2023	2022
Assets and liabilities data (RMB million)					
Non-current assets	**5,288.3**	4,463.9	5,335.0	4,648.8	3,907.6
Current assets	**12,421.8**	12,709.9	12,197.0	11,974.4	11,891.5
Current liabilities	**4,917.9**	5,774.2	5,764.3	6,288.7	5,328.2
Non-current liabilities	**1,856.7**	1,523.6	2,326.5	1,537.0	2,140.8
Non-controlling interests	**4.3**	–	–	69.1	52.9
Total equity holders' equity	**10,931.2**	9,876.0	9,441.2	8,728.4	8,277.2
Asset and working capital data					
Current asset ratio	**2.5**	2.2	2.1	1.9	2.2
Gearing ratio (%) (Note 3)	**10.8**	13.4	16.8	19.7	18.9
Net asset value per Share (RMB) (Note 4)	**3.88**	3.55	3.57	3.34	3.16
Average inventory turnover days (days) (Note 5)	**104**	94	94	115	106
Average trade receivables turnover days (days) (Note 6)	**127**	126	114	106	102
Average trade payables turnover days (days) (Note 7)	**105**	115	123	123	138
Overall working capital turnover days (days)	**126**	105	85	98	70
Rolling average inventory turnover days (days) (Note 8)	**105**	91	100	107	93
Rolling average trade receivables turnover days (days) (Note 9)	**123**	118	100	92	87
Rolling average trade payables turnover days (days) (Note 10)	**116**	119	110	111	112
Rolling overall working capital turnover days (days)	**112**	90	90	88	68

NOTES:

1 The calculation of basic earnings per Share is based on the profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the relevant period.

2 Return on average total equity holders' equity is equal to the profit attributable to ordinary equity holders of the Company for the period divided by the average of opening and closing total equity holders' equity.

3 The calculation of gearing ratio is based on the total borrowings divided by the total assets of the Group at the end of the period.

4 The calculation of net asset value per Share is based on the total number of Shares in issue at the end of the period.

5 Average inventory turnover days is equal to the average of opening and closing inventory divided by costs of sales and multiplied by 183 days.

6 Average trade receivables turnover days is equal to the average of opening and closing trade receivables divided by revenue and multiplied by 183 days.

7 Average trade payables turnover days is equal to the average of opening and closing trade payables divided by cost of sales and multiplied by 183 days.

8 Rolling average inventory turnover days is equal to the average of opening and closing inventory of the 12-month period up to 30 June of the relevant year (or average of opening and closing inventory of continuing operations of the 12-month period up to 30 June 2025) divided by costs of sales during the corresponding period and multiplied by 365 days (or 366 days in 2024).

9 Rolling average trade receivables turnover days is equal to the average of opening and closing trade receivables of the 12-month period up to 30 June of the relevant year (or average of opening and closing trade receivables of continuing operations of the 12-month period up to 30 June 2025) divided by revenue during the corresponding period and multiplied by 365 days (or 366 days in 2024).

10 Rolling average trade payables turnover days is equal to the average of opening and closing trade payables of the 12-month period up to 30 June of the relevant year (or average of opening and closing trade payables of continuing operations of the 12-month period up to 30 June 2025) divided by costs of sales during the corresponding period and multiplied by 365 days (or 366 days in 2024).

11 On 30 November 2024, the disposal of the KP Global Group was completed. The financial results of the KP Global Group for the period from 1 January 2024 to 30 June 2024 were re-presented as discontinued operation in the interim financial information accordingly. The revenue, gross profit and operating profit presented in the summary were re-presented for the continuing operations. The profitability ratios were also re-presented using the amount of continuing operations for calculation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ding Shui Po *(Chairman)*
Ding Mei Qing
Ding Ming Zhong
Yeung Lo Bun

Non-executive Director

Tan Wee Seng

Independent Non-executive Directors

Bao Ming Xiao
Wu Ka Chee, Davy
Chan Yee Wah

BOARD COMMITTEES

Audit Committee

Chan Yee Wah *(Chairlady)*
Tan Wee Seng
Bao Ming Xiao
Wu Ka Chee, Davy

Remuneration Committee

Wu Ka Chee, Davy *(Chairman)*
Ding Mei Qing
Bao Ming Xiao

Nomination Committee

Ding Shui Po *(Chairman)*
Chan Yee Wah
Wu Ka Chee, Davy

Sustainability Committee

Tan Wee Seng *(Chairman)*
Ding Shui Po
Ding Mei Qing
Chan Yee Wah

COMPANY SECRETARY

Cheung Yan Kiu, FCPA

AUTHORIZED REPRESENTATIVES

Ding Shui Po
Cheung Yan Kiu

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 27/F, Tower A
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HEAD OFFICE IN THE PRC

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Siming District, Xiamen
Fujian Province, PRC
Postal Code 361008

LEGAL ADVISER AS TO HONG KONG LAWS

Loeb & Loeb LLP

AUDITOR

Ernst & Young
Certified Public Accountants and Registered Public Interest Entity Auditor

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
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Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of East Asia
China Construction Bank
China Minsheng Bank
Hang Seng Bank
HSBC
Industrial Bank

COMPANY WEBSITE

www.xtep.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2026, despite persistent global geopolitical uncertainties, China's economy continued to demonstrate resilience, with gross domestic product and total retail sales of consumer goods growing by 4.7% and 1.3%, respectively. Amid a volatile macroenvironment and competitive landscape, the Group remained committed to its strategic priorities, focusing on improving operational efficiency while strengthening its foundation for sustainable growth. Driven by increasing government support, the overall scale of sports consumption continued to broaden. Running remained one of the fastest-growing segments and demonstrated exceptional momentum in 2026, with record-breaking registration numbers across major domestic marathons, further underscoring the resilient and sustained sports demand. Capitalizing on this robust market momentum, the Group remains firmly focused on the running sector. By leveraging the core Xtep brand to deepen mass market penetration while targeting the premium market with Saucony, the Group has achieved comprehensive coverage across both mass market and elite runners. This strategy further unleashed brand synergies while significantly amplifying the overall value of our strategic focus.

PERFORMANCE REVIEW

In the first half of 2026, the Group's revenue amounted to RMB6,794.9 million. Revenue of the core Xtep brand decreased modestly by 2.2% to RMB5,919.9 million. Revenue of the professional sports segment increased by 11.4% to RMB875.0 million. The Group's gross profit margin grew by 1.4 percentage points to 46.4%. Profit attributable to ordinary equity holders of the Company amounted to RMB817.9 million. Basic earnings per Share were RMB30.0 cents. The Board has declared an interim dividend of HK18.0 cents per Share, with an option to receive scrip shares in lieu of cash. The dividend payout ratio increased to 53.8%.

FOCUS ON RUNNING WITH PROFESSIONAL-TO-MASS INFLUENCE STRATEGY

The core Xtep brand remains focused on running, adhering to its "professional-to-mass influence" strategy to solidify its market leadership. In the first half of 2026, the brand maintained leading overall wear rates across major domestic marathons in Xiamen, Chongqing, Wuhan and Wuxi, while empowering Chinese athletes to achieve outstanding results. Feng Peiyou broke the Chinese marathon record at the Tokyo Marathon, ushering Chinese marathon into the "205 era". Meanwhile, He Jie finished as the fastest Asian runner at the Seoul Marathon, further validating the strength of its technology.

Building on its professional leadership, the core Xtep brand accelerated the mass market expansion by sponsoring high-profile landmark marathons, university races and community running events to broadly engage key consumer groups. Simultaneously, it continued to expand its product portfolio, leveraging flagship running collections such as the "championship running shoe series" and the "QING YUN" series to drive growth in the running segment and empower mass market runners with advanced technologies. In response to the dynamic market demand, the core Xtep brand proactively optimized its channel structure, accelerating its presence in shopping malls and outlets while further advancing the direct-to-consumer (DTC) transformation. These channel optimization efforts have delivered tangible outcomes, driving operational quality and efficiency, providing consumers with a superior retail experience, and laying a robust foundation for long-term sustainable growth.

LEVERAGING PREMIUMIZATION STRATEGY FOR HIGH-QUALITY GROWTH

As a prestigious running brand with a century-long heritage, Saucony actively advanced its premiumization strategy targeting elite consumers. By prioritizing investments in branding, products and retail channels, Saucony successfully enhanced its store efficiency to support its long-term and high-quality growth. The brand further deepened engagement with sophisticated consumers through organizing exclusive corporate running activities and consistently sponsoring the large-scale running event, "Hood to Coast Relay". In addition to solidifying its leadership in performance running with flagship models that reinforce its professional sports image, Saucony also catered to the diverse lifestyle needs of elite consumers in the premium market. Through accelerating its expansion into lifestyle, original series, and apparel offerings, the brand continues to pioneer industry trends and drive business scale.

Saucony prioritized offline channel optimization by opening new image stores in prime commercial locations across higher-tier cities to boost store efficiency. In June 2026, Saucony celebrated the launch of its first image store in Hong Kong, which delivered above-expectation results. Meanwhile, the brand executed strict pricing strategy and controlled the discount on signature offerings to safeguard its premium positioning and foster healthy long-term growth.

PROSPECTS

The government's goal of developing China's sports industry beyond the scale of RMB7 trillion by 2030 has imparted solid and tangible growth momentum into the market, further bolstering our confidence in the future prospects of the Group and the industry. Amid growing public health awareness, consumer demand for sports products remains robust. In particular, running continues to represent one of the most resilient growth drivers in the sports industry, delivering rapid growth sustained by surging interest and record-high marathon participation.

Propelled by supportive policies and market momentum, the Group's strategic focus on running has become increasingly defined. As the number one running brand in China, our years of deeply rooted presence in this segment has established solid competitive edge. The Group will deploy multi-brand portfolio to precisely address diverse customer demand, while enhancing product competitiveness by leading R&D and leveraging channel optimization alongside DTC transformation to achieve market share growth and operational excellence.

The Group's steady performance amid ongoing reforms reflects the dedication and professionalism of our employees, and I would like to extend my sincere gratitude for their efforts. Furthermore, I am also deeply appreciative of our shareholders for their unwavering trust and support despite market dynamics. Looking ahead, the Group will continue to strive for excellence, deliver enhanced results and unlock higher value for our stakeholders.

Mr. Ding Shui Po
Chairman
Hong Kong, August 25, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET DEVELOPMENT

Solid marathon demand fuels long-term sector growth

In the first half of 2026, running maintained its popularity across China. Strong public demand continued to exceed race slot supply, causing major events — such as marathons in Xiamen, Chongqing, Wuhan, and Lanzhou — to register record applicant turnout. Demand was particularly pronounced at the Wuxi Marathon, which attracted approximately 496,000 registrants while limiting half-marathon admissions to just 2.9%. This heightened participation continues to anchor engagement across the broader sports ecosystem, directly converting casual enthusiasts into committed, high-lifetime-value runners. This momentum drives sustainable expansion across the sportswear sector by creating steady demand for specialized footwear, high-performance apparel, and ongoing product innovation.

Niche sportswear brands drive margin resilience and sustainable growth

Modern consumer preferences are shifting away from mass-market offerings toward brands that deliver distinct identity and specialized performance. Against a backdrop of retail polarization, niche athletic labels continue to generate stronger growth momentum than mass-market industry incumbents. By combining tailored product design with targeted consumer engagement, these specialized brands build recurring purchase patterns and deep brand equity among China's quality-conscious demographics. Rather than competing purely on scale, this focused positioning maximizes margin resilience, captures premium share, and establishes a highly scalable model for sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Our strategic framework

Mass
Market

Continuous focus on running

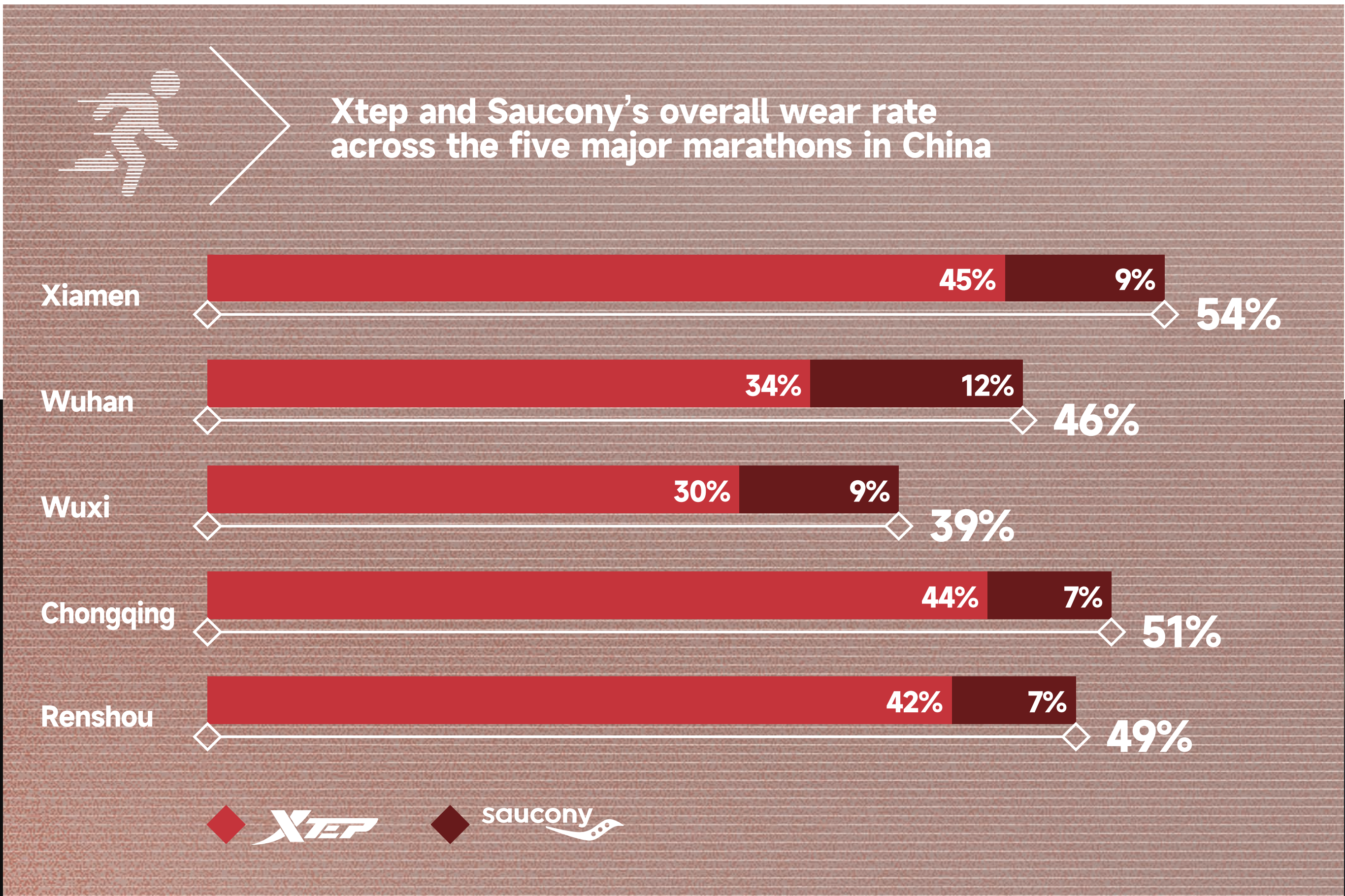
No.1 running brand in China

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Securing running leadership on the marathon course

Amid China's expanding running market, Xtep continues to elevate its industry leadership, achieving historic milestones in marathon participation. Our "professional-to-mass influence" strategy has solidified Xtep as the top-ranked brand for participant wear rates across all major domestic marathons. This market dominance was underscored in the first half of 2026, where the Group secured the highest wear rate among participants at key flagship events, including the Xiamen, Chongqing, Wuhan, Wuxi, and Meishan Renshou marathons. Meanwhile, Saucony maintained a leading presence among international brands in wear rate across the five major marathons, highlighted by top-three wear-rate rankings at both the Xiamen and Wuhan Marathons.



The flagship collection engineered for elite racers and everyday runners

Xtep's "160X" championship running shoe series continued to empower elite athletes to secure outstanding results on both the international and domestic stages. This exceptional product performance was underscored at the 2026 Tokyo Marathon, where Feng Peiyou broke the Chinese national record and finished as the fastest Asian runner with a remarkable time of 2:05:58. Furthermore, He Jie ranked first among Asian athletes at the Seoul Marathon, clocking 2:08:17 and achieving this prestigious sub-2:10 milestone for the fourth time in his professional career. In August, Xtep unveiled the next-generation "160X 8" series, debuting the "160X 8.0 ULTRA", "160X 8.0 PRO", and "160X 8.0" to set a new benchmark for elite performance footwear.

Complementing our flagship offering, Xtep's comprehensive championship running matrix includes the "260X" and "360X" series, both engineered with advanced carbon-plate technology to enhance speed training and daily runs. To bring elite-level technology to a broader audience, we expanded our mass-market reach with the launch of the "360X 3.0" and "360X 3.0 FLY".

To make high-performance running technology accessible at exceptional value, we introduced the "QING YUN" collection, our latest breakthrough in cushioned footwear. Ranging from everyday non-plated trainers to high-propulsion carbon-plated models, the line optimizes comfort, stability, and biomechanical fit for runners at every level.

Capitalizing on China's booming outdoor sector, we expanded our portfolio beyond road running in the first half of 2026 with two specialized high-performance lines, the "FEI SHI" hiking collection and the "ZHUI SHAN" trail running series. Equipped with advanced shock absorption and anti-slip technology, these releases offer superior protection and comfort, strengthening our outdoor market presence.

MANAGEMENT DISCUSSION AND ANALYSIS

Facilitating runner engagement

In the first half of 2026, we deepened our strategic commitment to China's running culture by sponsoring 38 landmark races nationwide. This effort was anchored by our partnership with the prestigious Xiamen Marathon, marking our 18th consecutive year supporting this World Athletics Platinum Label race. We further energized the national running ecosystem by backing premier events across the country, including the Platinum Label Meishan Renshou Half Marathon and the Gold Label Chongqing Marathon.

Beyond major marathons, Xtep actively supports the "Sports for All" initiative through ongoing sponsorships targeting university campuses and the broader running community. In the first half of 2026, Xtep served as the exclusive race apparel sponsor for both the Tsinghua University Campus Marathon and the Peking University May Fourth Youth Day Run, engaging over 8,000 students and alumni. Additionally, the Group launched the "Night to Light" evening run program, extending our reach to mass market runners across 67 cities.

Channel optimization to capture shifting demand

We continuously elevate Xtep's brand prestige and market competitiveness through high-impact retail execution. Placing the consumer experience at the core of our retail strategy allows us to build long-term brand equity, differentiate our market positioning, and drive sustainable growth.

In response to changing consumer preferences and the evolving retail landscape, we have accelerated our shopping mall footprint while expanding our DTC strategy. Strengthening our DTC operational model not only boosts brand accessibility and customer loyalty, but also optimizes resource allocation across key operational dimensions. By establishing a streamlined, data-driven information flow that connects production directly with the end-consumer, we can react to market signals in real time, refine our product offerings agilely, and consistently deliver high-quality products that resonate with our audience.

Xtep Adult stores in Chinese Mainland and overseas
as at 30 June 2026

6,308

Concurrently, we are capitalizing on the rapid growth of the value-retail sector. To capture expanding demand in this segment, we launched "Xtep Selected" — a strategic new format targeting the premium outlet market. Featuring spacious store layouts and curated, multi-category lineups across running, basketball, lifestyle, and training, these stores maximize consumer reach while delivering an elevated shopping experience and exceptional value.

As at 30 June 2026, there were 6,308 Xtep Adult branded stores, mainly operated by authorized distributors in the Chinese Mainland and overseas (31 December 2025: 6,357).

MANAGEMENT DISCUSSION AND ANALYSIS

Flagship products to drive e-commerce momentum

E-commerce remained a core growth engine for the Group in the first half of 2026, contributing over one-third of the core Xtep brand's revenue. High-performing platforms such as Douyin and JD.com saw revenue growth exceed 20%, successfully engaging a new wave of consumers through immersive, content-rich retail experiences.

"2000 KM" flagship running shoe series

Meanwhile, the running category within e-commerce demonstrated robust growth, led by the flagship "2000 KM" series — a premier non-plated, all-around training shoe built for exceptional durability, stability, and long-distance cushioning. Following its expansion into offline retail channels in February, sales volume for the "2000 KM" series surged over 70%, underscoring its strong market momentum.

Scaling overseas business for future growth

Building on our established market leadership in China's running category, we are accelerating our international expansion to drive the next phase of growth. Our overseas strategy is gaining rapid momentum across Southeast Asia, anchored by a targeted rollout in Malaysia where expedited store launches have generated encouraging market feedback.

Meanwhile, our cross-border e-commerce business achieved strong momentum, with revenue more than doubling year over year. Growth was particularly pronounced across major Southeast Asian e-commerce platforms, including Shopee, TikTok, and Lazada.

X YOUNG

Backed by more than a decade of focus on youth sports, we continue to solidify our authority in the children's athletic segment. By pairing innovative product technology with health-centric initiatives, the brand empowers young athletes at every developmental stage, reinforcing market leadership while unlocking sustained market expansion.

As at 30 June 2026, there were 1,455 X Young stores in the Chinese Mainland (31 December 2025: 1,488), predominantly operated by the Group's authorized distributors.

New "A+ Pro Growth Sneaker 2.0" and "100ES 2.0" to empower youth growth through sports

X Young launched the new "A+ Pro Growth Sneaker 2.0" to support adolescent physical development. Weighing 17g less than its predecessor, the shoe features an expanded forefoot to accommodate bone growth, enabling healthy development alongside scientific exercise. To further support youth athletic performance, X Young also introduced the "100ES 2.0" running shoe, specifically designed for physical education exams on synthetic tracks, delivering enhanced acceleration, stability, and sprint traction.

X Young partners with global street dance event Juste Debout

X Young has deepened its reach in youth sports culture by becoming the exclusive official sportswear partner of Juste Debout in China, the world's premier street dance competition with over two decades of history. In March, X Young supported 13-year-old street dance prodigy Li Yongqiu as he made history by winning the junior title at the Juste Debout Global Finals in Paris and becoming only the third Chinese dancer to claim the honor. Following his victory, Li joined X Young as a global brand spokesperson. Leveraging seven years of commitment to the street dance community, X Young continues to empower young talent through professional-grade gear and structured development platforms.

X Young stores in Chinese Mainland
as at 30 June 2026
1,455

MANAGEMENT DISCUSSION AND ANALYSIS

As Saucony entered the 2.0 era of its brand development, the professional sports segment delivered a solid financial performance in the first half of 2026. Segment revenue rose by 11.4% year on year to RMB875.0 million, accounting for 12.9% of the Group's total revenue. Profitability also saw healthy expansion, with operating profit climbing 15.5% year on year to RMB90.8 million from RMB78.6 million in the prior year.

Saucony stores in China

as at 30 June 2026

180

Premiumization strategy to capture elite segment

Rooted in over a century of running heritage, Saucony has long been the trusted choice of professional athletes. Building on this performance legacy, the brand has executed a strategic premiumization initiative — elevating product innovation, refining retail channels, and launching high-impact marketing campaigns. This evolution has successfully expanded Saucony's reach beyond elite runners to captivate discerning, elite consumers.

In the first half of 2026, Saucony accelerated this momentum by opening flagship stores in top-tier malls across key cities, enhancing both market prestige and consumer accessibility. To complement this physical expansion, the brand introduced a broader product assortment bridging performance and lifestyle, including elevated running apparel and versatile lifestyle wear. A major milestone came in June with the launch of Saucony's first image store in Hong Kong at K11 Art Mall. Spanning 1,700 square feet, the space fuses the brand's iconic river heritage with local running and street culture, offering technical gear alongside regional exclusives. Through the strategic expansion of its retail footprint and product offerings, Saucony solidifies its role as a key growth engine for the Group.

Versatile portfolios for performance and lifestyle to expand market reach

Saucony deepened its engagement with China's running community through a dynamic, multifaceted brand strategy. For the sixth consecutive year, the brand reinforced its high-performance credentials as the official Gold Partner of the "Hood to Coast China Relay". Facing top-tier competition, Saucony-sponsored teams dominated the podium, with team Saucony PRO taking first place with a time of 8:26:49, followed closely by team Saucony AZURA in second at 8:44:24. Complementing its athletic focus, Saucony expanded its reach among key business influencers. The brand hosted a morning run and roundtable forum with the Cheung Kong Graduate School of Business MBA program at its new Beijing campus, alongside an exclusive investor running event in Shanghai co-hosted with Guotai Haitong Securities.

Driven by continuous R&D innovation, Saucony launched performance models including the "TRIUMPH 24", "ENDORPHIN AZURA", and "ENDORPHIN PRO 5", all receiving enthusiastic market acclaim. To expand its lifestyle appeal, the brand introduced the "KINVARA 1" collection, transforming classic performance technology into urban fashion aesthetics. Saucony further elevated its brand equity through creative collaborations. It debuted the second chapter of its "Running Artist Collection" with artist Chris Martin to honor the Olympic spirit, and reunited with MINTED New York to launch a co-branded "ENDORPHIN PRO 5" racing shoe, blending MINTED's signature liquid-metal aesthetic with post-race emergency blanket elements for an industrial finish.

As for Merrell, the brand celebrated its 45th anniversary with a comprehensive brand upgrade, revitalizing its "It Starts Outside" philosophy to inspire deeper daily connections with the outdoors. Highlighting this milestone, Merrell debuted its third collaboration with Snow Peak, the "SPEED ARC MATIS GTX", a high-performance, waterproof hiking shoe built for rugged environments. Expanding its lifestyle crossover, Merrell also partnered with Khakis to reimagine the iconic "MOAB 3". The co-branded design pairs trail-ready functionality with a vintage silhouette, featuring a four-toe construction and a distressed navy-blue wash. Additionally, the brand launched the "Relay Web 1TRL", a low-profile shoe combining premium full-grain leather uppers with exceptional grip and slip resistance.

MANAGEMENT DISCUSSION AND ANALYSIS

Sustainability

MSCI
ESG RATINGS
A

CCC	B	BB	BBB	A	AA	AAA

S&P Global
Ratings

Recognized leadership in ESG Excellence

Our MSCI ESG "A" rating underscores the concrete progress we have made in delivering eco-friendly products, cultivating fair supply chains, and ensuring safe workplaces. This achievement, alongside an S&P ESG score surpassing 84% of global textile and apparel peers, reflects a corporate culture that embeds sustainability directly into our growth strategy. Together, these milestones demonstrate our proactive integration of decarbonization, responsible supply chain management, and strong corporate governance to drive long-term value.

Advocating barrier-free running for visually impaired runners

In May, Xtep hosted a product experience and sharing session for visually impaired runners at the Beijing Olympic Forest Park Running Club. During the event, the brand unveiled two tailored shoe models — the 160X 7.0 PRO "Where the Heart Leads" and the 360X 3.0 "Rainbow Trail"–paired with professional guide ropes featuring reflective elements and inspiring Braille messages. To further champion barrier-free running, Xtep donated 500 pairs of the 360X 3.0 "Rainbow Trail" to the China Association of the Blind for distribution to running groups nationwide.

Deepens sustainability commitment through eco-friendly family cleanup run

In May, Xtep and ATRenew jointly hosted the "Return to New Life • Run for a Clean Future" family-friendly environmental cleanup charity run at Tongming Lake Park in Yizhuang, Beijing. The 3.24-kilometer event combined jogging with litter collection, waste-sorting stations, and a tour of an ATRenew sorting facility, showcasing Xtep's sustainable closed-loop approach of "run + pick up + learn + recycle."

Operations management

Supply chain management

Strategic procurement and optimized supply chain management serve as the backbone of our operational strategy. Through disciplined end-to-end oversight, we ensure premium manufacturing standards across our footwear and apparel portfolios, driving consistent quality, supply resilience, and long-term enterprise value.

The construction of the second phase of our in-house production facility in Shishi, Fujian Province, is progressing on schedule. Covering a total area of 170,000 square meters, the new site will employ advanced automated footwear production systems, significantly boosting output capacity to meet rising market demand while upholding rigorous quality controls. A 30,000-square-meter segment of the facility commenced operations in January 2025.

Located in Jinjiang, Fujian Province, Xtep Smart Logistics Operation Center represents a major upgrade to the Group's supply chain strategy. The first phase, spanning approximately 130,000 square meters, commenced operations in March 2026. Equipped with nearly 500 smart robots, alongside automated facilities such as 3D sorting system and routing sorters, the center features an end-to-end intelligent operation system across storage, picking and dispatch. As a pivotal distribution hub of the Group, the center will significantly enhance the store replenishment efficiency and inventory turnover. This upgrade is further bolstered by a strategic partnership with SF Express, a global leader in logistics, ensuring seamless operations and laying a solid foundation for omnichannel growth.

Footwear

In-house	32%
Outsourced	68%

Apparel

In-house	9%
Outsourced	91%

Human resources management

As at 30 June 2026, the Group's employed approximately 9,100 people (31 December 2025: approximately 8,800 people), with 59.9% in production roles (31 December 2025: 58.8%). We empower our team by rewarding impact, providing clear pathways for advancement, and maintaining equitable, competitive reward structures. Fostering a high-performance environment attracts and retains top talent, fueling our long-term success and industry leadership.

We systematically elevate organizational capabilities through a structured, multi-level learning framework. By blending digital learning solutions with immersive, in-person training across core operational, technical, and leadership disciplines, Xtep logged more than 360,000 workforce development hours as at 30 June 2026, directly strengthening our operational efficiency and bench strength.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Decades of strategic specialization in running continue to underpin our long-term growth trajectory. By systematically scaling our R&D capabilities, distribution footprint, and brand presence, we have cultivated a self-sustaining running ecosystem that cements our leadership in China. The strategic alignment of our multi-brand portfolio — anchored by the core Xtep brand and amplified by Saucony and Merrell — positions us to unlock solid cross-brand synergies and capture further market share.

Xtep's dominance in the running category is proven across major racing events, where we consistently capture top wear-rate rankings at China's premier marathons. Driven by cutting-edge R&D, our flagship 160X series serves as the gold standard for elite performance, powering record-breaking athletic triumphs. Building on this elite racing heritage, we are strategically broadening our line-up with accessible, high-performance options, allowing us to engage runners of all tiers and deepen our mass-market penetration.

To deepen consumer engagement and adapt to evolving preferences, we are accelerating our channel transformation and DTC model. This strategic shift enables us to connect more directly with our community, respond swiftly to market demands, and deliver a seamless purchasing experience, fostering the agility needed to drive continuous innovation, operational efficiency, and long-term growth.

Leveraging over a century of heritage, Saucony's strategic repositioning into the premium segment continues to yield tangible results, effectively capturing elite consumer segments aligned with its core brand identity. As a key secondary growth engine for the Group, Saucony maintains strong expansion momentum. The Group will continue to broaden Saucony's lifestyle offerings while reinforcing its core performance running segment. Concurrently, the brand's expanded footprint in high-tier retail locations enhances brand equity, laying the groundwork for further channel optimization to maximize store productivity and operational efficiency.

Structural tailwinds across the sportswear sector — underpinned by national health initiatives and heightened wellness awareness — continue to bolster industry fundamentals. This underlying resilience, paired with our disciplined operational focus and organizational agility, strengthens our optimistic long-term outlook for the sector. By anticipating shifting consumer demand and capturing emerging market segments with precision, we remain uniquely positioned to navigate near-term volatility and drive sustainable value for our stakeholders.

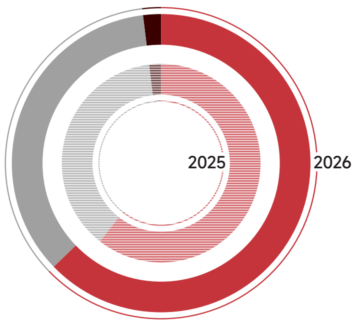
FINANCIAL REVIEW

Group Revenue Breakdown by Product Category

The following table sets out the contributions to the Group's revenue by product category:

For the six months ended 30 June

	2026 Revenue (RMB Million)	(% of Revenue)	2025 Revenue (RMB Million)	(% of Revenue)	Change in revenue (%)
Footwear	**4,271.6**	**62.9**	4,154.1	60.8	**2.8**
Apparel	**2,402.4**	**35.3**	2,552.3	37.3	**-5.9**
Accessories	**120.9**	**1.8**	131.2	1.9	**-7.8**
Total	**6,794.9**	**100.0**	6,837.6	100.0	**-0.6**



Percentage of revenue

	1H2026	1H2025
Footwear	62.9%	60.8%
Apparel	35.3%	37.3%
Accessories	1.8%	1.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Group Revenue Breakdown by Brand Nature

The following table sets out the contributions to the Group's revenue by brand nature:

For the six months ended 30 June

	2026 Revenue (RMB Million)	2026 Revenue (% of Revenue)	2025 Revenue (RMB Million)	2025 Revenue (% of Revenue)	Change in revenue (%)
Mass market	**5,919.9**	**87.1**	6,052.5	88.5	**-2.2**
Professional sports	**875.0**	**12.9**	785.1	11.5	**11.4**
Total	**6,794.9**	**100.0**	6,837.6	100.0	**-0.6**

The Group's total revenue can be analysed into mass market and professional sports. The signature brands are:

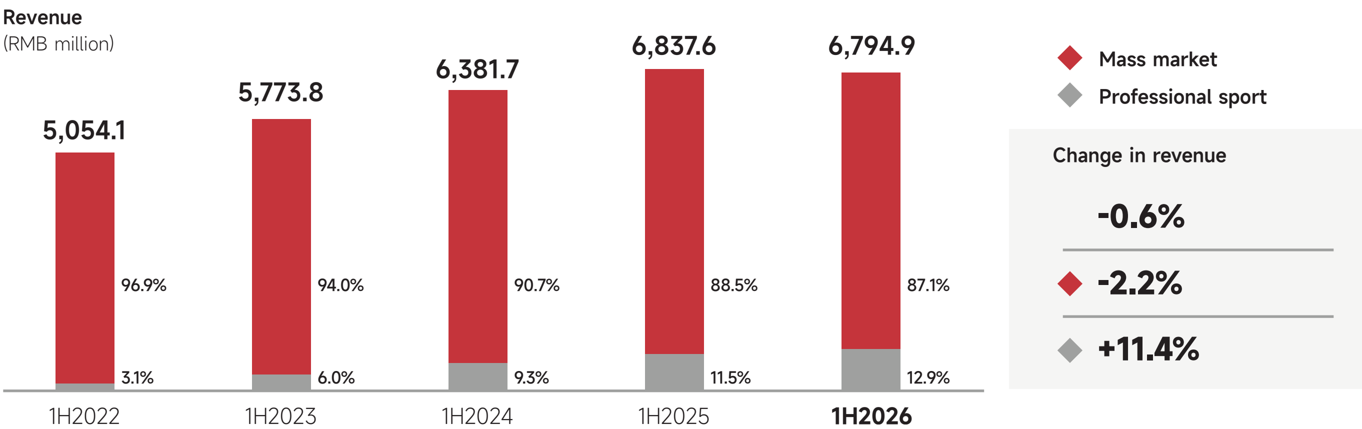
Brand Nature	Signature Brands
Mass market	**Xtep**
Professional sports	**Saucony, Merrell**

Analysis of Group Revenue

The Group's total revenue for the period amounted to approximately RMB6.8 billion (2025: RMB6.8 billion), reflecting a year-over-year decrease of 0.6%. This decline was primarily driven by:

- **Mass Market:** Revenue from the mass market segment decreased by 2.2% to RMB5.9 billion. E-commerce and Kids business continued to record solid growth, alongside an active channel optimization.

- **Professional Sports:** The professional sports segment saw growth of 11.4%, with revenue rising to RMB875.0 million, which representing 12.9% of total Group revenue. It was mainly attributable to (i) the continuous growth of e-commerce business and (ii) the execution of its premiumization strategy, delivering high-quality growth.

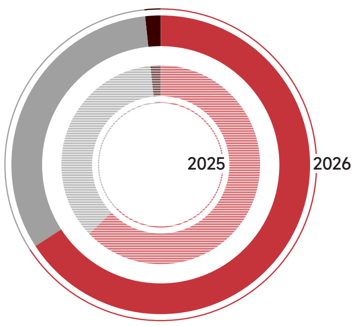


Gross Profit and Gross Profit Margin Breakdown by Product Category

The following table sets out the gross profit and the gross profit margin by product category:

For the six months ended 30 June

	2026		2025			
	Gross profit (RMB Million)	Gross profit margin (%)	Gross profit (RMB Million)	Gross profit margin (%)	Change in gross profit (%)	Change in gross profit margin (% point)
Footwear	2,078.2	48.7	1,932.5	46.5	7.5	2.2
Apparel	1,032.1	43.0	1,095.0	42.9	-5.7	0.1
Accessories	44.3	36.6	46.2	35.2	-4.2	1.4
Total	3,154.6	46.4	3,073.7	45.0	2.6	1.4



Percentage of gross profit

	1H2026	1H2025
Footwear	65.9%	62.9%
Apparel	32.7%	35.6%
Accessories	1.4%	1.5%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin Breakdown by Brand Nature

The following table sets out the gross profit and gross profit margin by brand nature:

For the six months ended 30 June

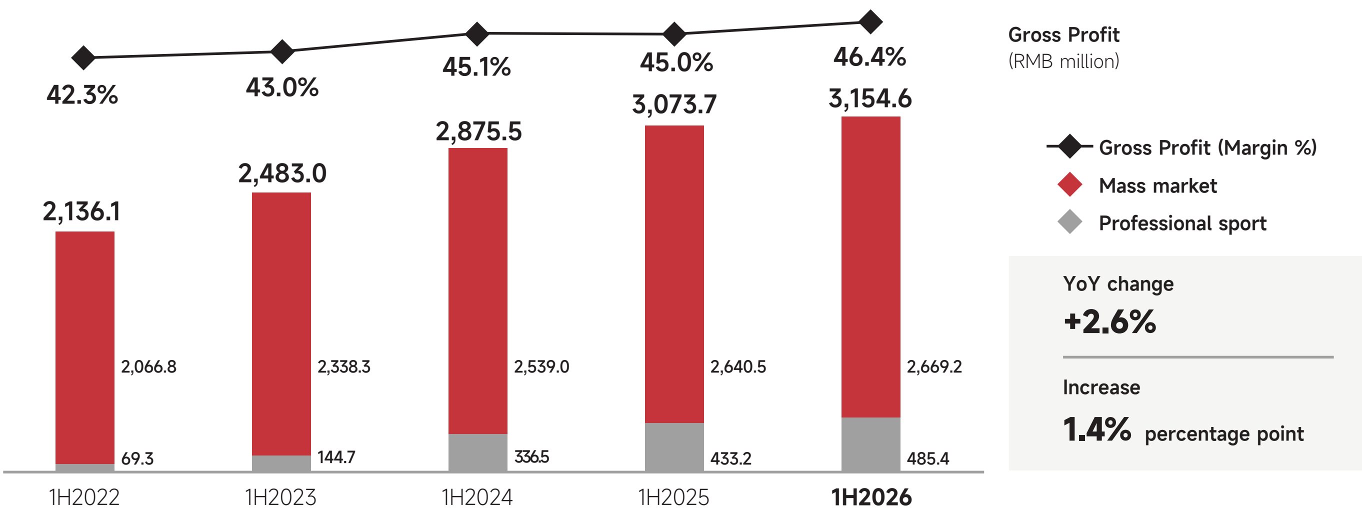
	2026		2025			
	Gross profit (RMB Million)	Gross profit margin (%)	Gross profit (RMB Million)	Gross profit margin (%)	Change in gross profit (%)	Change in gross profit margin (% point)
Mass market	**2,669.2**	**45.1**	2,640.5	43.6	**1.1**	**1.5**
Professional sports	**485.4**	**55.5**	433.2	55.2	**12.0**	**0.3**
Total	**3,154.6**	**46.4**	3,073.7	45.0	**2.6**	**1.4**

Analysis of Gross Profit and Gross Profit Margin

For the six months ended 30 June 2026, the Group's gross profit increased to RMB3,154.6 million (2025: RMB3,073.7 million), representing a growth of 2.6%. The overall gross profit margin improved to 46.4%, up from 45.0% in the same period of 2025, reflecting a 1.4 percentage point increase. The breakdown by brand nature is as follows:

- **Mass Market:** Gross profit for the mass market segment grew by 1.1% to RMB2,669.2 million (2025: RMB2,640.5 million), with the gross profit margin of 45.1% (2025: 43.6%). The growth in gross profit and gross profit margin was primarily driven by e-commerce and kids business, with an increasing mix of functional products.

- **Professional Sports:** Gross profit for the professional sports segment rose significantly by 12.0% to RMB485.4 million (2025: RMB433.2 million), with the gross profit margin of 55.5% (2025: 55.2%). The improvement in gross profit margin was primarily driven by: (i) improved discounting on flagship products, and (ii) expanding economies of scale in apparel and lifestyle offerings.



Other Income and Gains, net

For the six months ended 30 June 2026, the Group's other income and gains totaled approximately RMB329.8 million (2025: RMB353.9 million). This decline was primarily due to reduced subsidy income amounted to RMB201.3 million (2025: RMB236.7 million). The increase in royalty income to RMB39.7 million (2025: RMB36.8 million) and increase in rental income to RMB21.4 million (2025: RMB17.8 million) offset part of the decrease.

Selling and Distribution Expenses

For the six months ended 30 June 2026, the Group's selling and distribution expenses amounted to approximately RMB1,676.2 million, representing 24.7% of the Group's total revenue (2025: RMB1,483.5 million, representing 21.7% of the Group's total revenue).

The selling and distribution expenses were mainly represented by advertising and promotional costs, amounted to RMB816.4 million (2025: RMB862.3 million), which represented almost half of the selling and distribution expenses. The increase in selling and distribution expenses was mainly attributed to (i) increased platform fees and logistics cost associated with higher online sales and (ii) increased DTC related expenses, including right-of-use (ROU) asset depreciation and staff costs.

General and Administrative Expenses

For the six months ended 30 June 2026, the Group's general and administrative expenses amounted to approximately RMB647.2 million, representing 9.5% of the Group's total revenue (2025: RMB639.4 million, representing 9.4% of the Group's total revenue).

The increase in general and administrative expenses was primarily due to increase in share-based payment expenses to RMB42.9 million (2025: reversal of RMB21.1 million) due to the award granted under the new share award scheme, which was partially offset by decrease in staff costs.

Additionally, the impairment of trade receivables and the inventory provision were decreased compared with the same period of 2025. Reversal of impairment of trade receivables amounted to RMB10.6 million, compared to an impairment of RMB23.2 million in 2025. Inventory provisions decreased to RMB5.8 million from RMB12.5 million in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Profit and Operating Profit Margin Breakdown

The following table sets out the contributions to the operating profit and operating profit margin:

For the six months ended 30 June

	2026		2025			
	Operating profit/(loss) (RMB Million)	**Operating profit/(loss) margin (%)**	Operating profit/(loss) (RMB Million)	Operating profit/(loss) margin (%)	**Change in operating profit/(loss) (%)**	**Change in operating profit/(loss) margin (% point)**
Mass market	**1,119.9**	**18.9**	1,207.6	20.0	**-7.3**	**-1.1**
Professional sports	**90.8**	**10.4**	78.6	10.0	**15.5**	**0.4**
	1,210.7	**17.8**	1,286.2	18.8	**-5.9**	**-1.0**
Corporate	**(49.8)**	**N/A**	18.6	N/A	**-368.3**	**N/A**
Total	**1,160.9**	**17.1**	1,304.8	19.1	**-11.0**	**-2.0**

For the six months ended 30 June 2026, the Group's operating profit decreased by 11.0% to RMB1,160.9 million, compared to RMB1,304.8 million for the same period in 2025. The overall operating profit margin decreased to 17.1% from 19.1%. The decline was primarily driven by:

- **Mass Market:** The operating profit for the mass market segment dropped by 7.3% to RMB1,119.9 million (2025: RMB1,207.6 million), with the operating profit margin slightly decreased to 18.9% from 20.0%. This decrease was primarily driven by (i) the e-commerce business continued to gain traction, this growth was accompanied by higher associated operational costs, including logistics costs and online platform fees; and (ii) accelerated channel reform toward DTC model, leading to an increase in DTC-related costs.

- **Professional Sports:** The professional sports segment saw an increase in operating profit, rising by 15.5% to RMB90.8 million (2025: RMB78.6 million), with the operating profit margin increasing to 10.4% from 10.0%. This improvement was mainly driven by (i) efficient cost management; and (ii) expanding economies of scale.

- **Corporate:** The corporate segment reported an operating loss of RMB49.8 million, instead of the profit of RMB18.6 million in 2025. This increase in loss was mainly attributable to higher share-based payment expenses of RMB42.9 million, compared with a reversal of RMB21.1 million in expenses recorded in the same period of 2025.

Net Finance Costs

For the six months ended 30 June 2026, the Group's net finance costs decreased to RMB40.8 million from RMB52.1 million in the same period of 2025. This decrease was primarily due to lower interest expenses on bank loans, which amounted to RMB5.6 million (2025: RMB21.4 million). The reduction in interest expenses was driven by a lower borrowing balance. Lower interest expense on discounted bills receivable amounted to RMB2.3 million (2025: RMB5.6 million) also contributed to the decrease. The decrease was partially offset by the decrease in bank interest income of RMB6.5 million (2025: RMB13.8 million).

Income Tax Expenses

For the six months ended 30 June 2026, the Group incurred an income tax expense of RMB327.8 million, representing a decrease of RMB40.5 million or 11.0% compared to RMB368.3 million in the same period of 2025. The Group's effective tax rate was improved, decreasing to 28.6% from 28.7% in the same period of 2025. It included profit tax provision relating to operating companies charged for the period, which amounted to RMB283.7 million (2025: RMB290.1 million). Also, there was an under-provision of income tax of RMB14.1 million (2025: RMB14.5 million), and a deferred tax of RMB30.0 million (2025: RMB63.7 million) due to the provision of withholding tax as the Company holds certain PRC subsidiary companies which have retained profits that can be distributed to the Company in the future.

PROFIT FOR THE PERIOD

Profit Attributable to Ordinary Equity Holders and Net Profit Margin

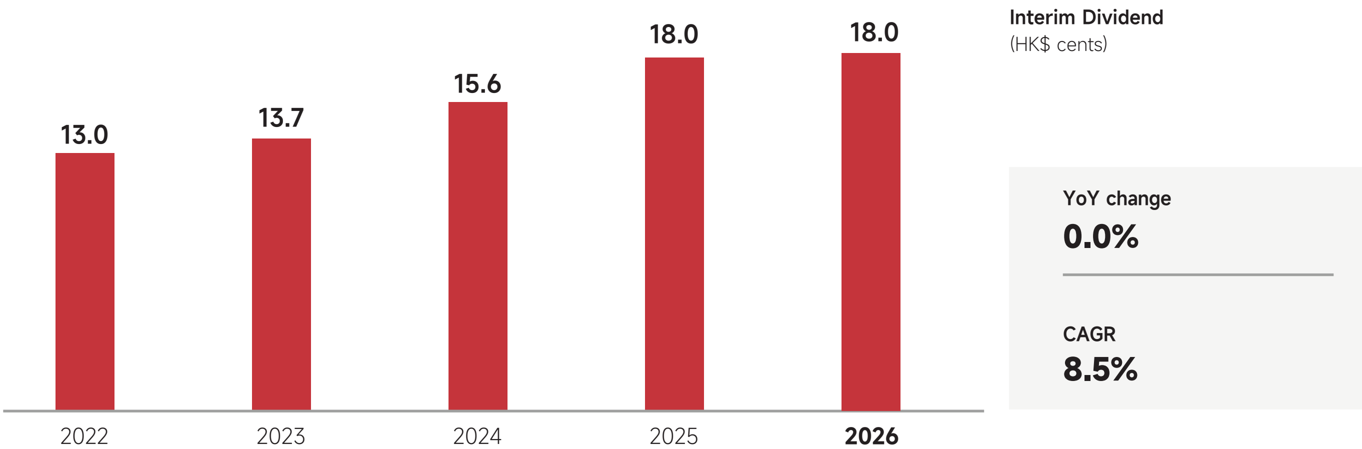
For the six months ended 30 June 2026, the Group's net profit attributable to equity holders was RMB817.9 million, representing a decrease of RMB95.7 million or 10.5% compared to RMB913.6 million in the same period of 2025. The net profit margin declined to 12.0%, down from 13.4% in the previous period. This decrease in net profit and margin was mainly attributed to lower operating profit driven by decrease in revenue and increase in operational cost from mass market, partially offset by the decrease in finance costs and income tax expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board continued to maintain high shareholders' dividend returns and has therefore resolved to distribute an interim dividend of HK18.0 cents per Share (2025: HK18.0 cents per Share). This decision underscores our commitment to enhancing shareholder value and reflects our strong cash flow and net cash position.

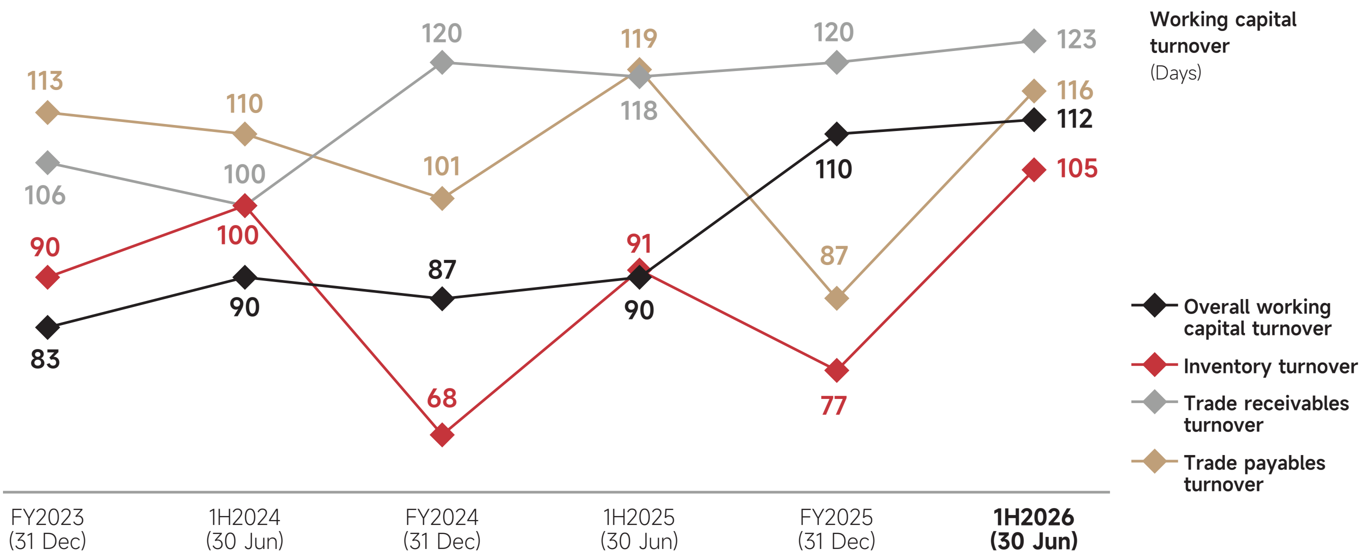
The proposed interim dividend will be offered with a scrip dividend option, allowing shareholders to receive new shares of the Company in lieu of cash. Participation in the scrip dividend scheme will be optional. This scheme is subject to the Hong Kong Stock Exchange granting the listing and permission to deal in the new shares to be issued pursuant thereto. A circular containing details of this scrip dividend scheme and a form of election, together with this interim report, will be dispatched to the shareholders.



Over the past five years, the Group has consistently maintained a high dividend payout ratio of not less than 50%, demonstrating our focus on providing substantial returns to our shareholders. This strong dividend payout ratio is supported by our robust financial performance and efficient cash flow management, ensuring that dividends are both sustainable and attractive to incoming investors. It also signals our confidence in the Group's financial health and our commitment to returning profits to shareholders while balancing reinvestment for future growth.

Cash Conversion Cycle

For the period, the Group's rolling overall working capital turnover days was 112 days (2025: 90 days).



For the six months ended 30 June

WORKING CAPITAL TURNOVER DAYS	2026 Days	2025 Days	Changes Days
Inventories turnover days	105	91	14
Trade receivables turnover days	123	118	5
Trade payables turnover days	116	119	-3
Overall working capital turnover days	112	90	22

MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital Turnover Days

For the six months ended 30 June 2026, the Group's working capital turnover days increased by 22 days:

- Inventories turnover days increased by 14 days to 105 days (2025: 91 days).
- Trade receivables turnover days increased by 5 days to 123 days (2025: 118 days).
- Trade payables turnover days decreased by 3 days to 116 days (2025: 119 days).

NOTE: Full year inventory turnover days is equal to the average of opening and closing inventory divided by costs of sales and multiplied by 365 days.

Full year trade receivables turnover days is equal to the average of opening and closing trade receivables divided by revenue and multiplied by 365 days.

Full year trade payables turnover days is equal to the average of opening and closing trade payables divided by cost of sales and multiplied by 365 days.

Half year inventory turnover days is equal to the average of opening and closing inventory of the 12-month period up to 30 June of the relevant year divided by costs of sales during the corresponding period and multiplied by 365 days.

Half year trade receivables turnover days is equal to the average of opening and closing trade receivables of the 12-month period up to 30 June of the relevant year divided by revenue during the corresponding period and multiplied by 365 days.

Half year trade payables turnover days is equal to the average of opening and closing trade payables of the 12-month period up to 30 June of the relevant year divided by costs of sales during the corresponding period and multiplied by 365 days.

Liquidity and Capital Resources

As of 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB3,449.0 million (31 December 2025: RMB3,457.1 million), representing an decrease of approximately RMB8.1 million. The decrease in the Group's cash and cash equivalents is summarized as follows:

	Six months ended 30 June	
	2026	2025
	RMB million	RMB million
Cash generated from operating activities	**1,088.5**	1,021.7
Income tax paid	**(235.0)**	(230.6)
Net interest expenses paid	**(6.2)**	(17.3)
Net cash flows from operating activities	**847.3**	773.8
Increase in bank, term and structure deposits	**(295.8)**	(228.0)
Decrease in pledged bank deposits	**191.0**	120.8
Increase in property, plant and equipment	**(21.7)**	(89.7)
Dividends paid	**(191.9)**	(182.9)
Net repayment of bank borrowings	**(454.5)**	(1,035.2)
Proceeds from issue of convertible bonds	**442.4**	461.3
Repayment of convertible bonds	**(444.6)**	–
Net proceeds from placing of shares	**–**	455.4
Others	**(71.6)**	(37.2)
Net increase in cash and cash equivalents	**0.6**	238.3
Cash and cash equivalent at beginning of period	**3,457.1**	2,979.2
Effect of foreign exchange rate changes, net	**(8.7)**	(0.1)
Cash and cash equivalent at end of period	**3,449.0**	3,217.4

Net cash flows from operating activities

For the six months ended 30 June 2026, the Group's net cash flows from operating activities amounted to RMB847.3 million (2025: RMB773.8 million). The stability of our operating cash flows reflects our continuous efforts to enhance operational efficiency and optimize working capital management. This underscores our ability to effectively convert profits into cash, demonstrating the strength and sustainability of our operational performance.

As of 30 June 2026, the Group's net cash and cash equivalents (including term deposits and pledged bank deposits minus bank borrowings and convertible bonds) were approximately RMB2,325.8 million, compared to RMB1,707.0 million as at 31 December 2025. The breakdown is as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Cash and cash equivalents	**3,449.0**	3,457.1
Bank deposits	**785.8**	681.0
Total bank deposits and bank balances	**4,234.8**	4,138.1
Less: Bank borrowings	**(637.0)**	(1,096.8)
Less: Convertible bonds	**(1,272.0)**	(1,334.3)
Net cash and cash equivalents	**2,325.8**	1,707.0

The net increase in cash and cash equivalents was primarily driven by strong operating cash flows and efficient management of the Group's financial resources.

As of 30 June 2026, the Group's total assets amounted to RMB17,710.1 million (31 December 2025: RMB16,898.8 million), comprising non-current assets of RMB5,288.3 million and current assets of RMB12,421.8 million. Total liabilities stood at RMB6,774.6 million (31 December 2025: RMB6,696.3 million), with non-current liabilities of RMB1,856.7 million and current liabilities of RMB4,917.9 million. The total non-controlling interests of the Group amounted to RMB4.3 million (31 December 2025: Nil). Total net assets of the Group was RMB10,935.5 million, increased from RMB10,202.5 million as of 31 December 2025. Net assets per Share as at 30 June 2026 were approximately RMB3.88 (31 December 2025: RMB3.64), representing an increase of 6.6%.

The Group's current ratio, calculated as current assets divided by current liabilities, stood at 2.5x (31 December 2025: 2.4x), reflecting the Group's solid liquidity position. Additionally, the Group's gearing ratio, defined as the ratio of total borrowings and convertible bonds to total assets, was 10.8% as of 30 June 2026 (31 December 2025: 14.4%).

Commitments

Details of the Group's commitments are stated in note 24 to the interim financial information.

Contingent Liabilities

As of 30 June 2026, the Group did not have any material contingent liabilities.

Charge of Assets

Save as disclosed in notes 15 and 19 to the interim financial information relating to certain amounts of properties and bank deposits pledged to secure certain banking facilities, none of the Group's assets was pledged as at 30 June 2026.

Foreign Currency Risks

The Group primarily operates in the PRC, with most transactions conducted in RMB, thereby minimizing foreign currency risks. Assets, liabilities, and transactions are largely denominated in RMB, reducing exposure to exchange rate fluctuations. However, the Group remains vigilant, continuously monitoring foreign currency risks and implementing prudent measures as necessary to manage any potential impacts on its financial performance and position.

Interest Rate Risks

The Group is exposed to interest rate risk primarily through its bank borrowings, which are subject to variable interest rates. A rise in interest rates could lead to higher borrowing costs, negatively impacting the Group's profitability. The Group strategically shifts its borrowing structure, favoring RMB-denominated loans over HKD-denominated loans to take advantage of lower interest rates in the mainland China market. The Group also conducts regular sensitivity analyses to assess the potential impact of interest rate fluctuations on its financial performance.

Significant Investments and Material Acquisitions and Disposals of Subsidiaries

During the period, the Group did not have any significant investments or acquisitions or sales of subsidiaries. No plans have been authorized by the Board for any material investments or additions of capital assets as at the date of this interim report.

Concurrent Repurchase of 2025 Xtep Convertible Bonds and Issue of 2026 Xtep Convertible Bonds

On 6 February 2026, the Company issued the 2026 Xtep Convertible Bonds in the aggregate principal amount of HK$500,000,000, and used the net proceeds from the issue of the 2026 Xtep Convertible Bonds to repurchase the 2025 Xtep Convertible Bonds.

Please refer to the section headed "Issue of Securities and Purchase, Sale or Redemption of the Company's Listed Securities" in this report for details.

Human Resources

As of 30 June 2026, the Group had approximately 9,100 employees (31 December 2025: 8,800 employees), of which 59.9% was production employees (31 December 2025: 58.8%). The Group provides introductory orientation programs and continuous training to its employees. Topics covered included industry knowledge, technology and product knowledge, industry quality standards and work safety standards to enhance the service quality and standards of our staff. The Group will strive to strengthen human resources management to provide strong support for the development of its business through staff recruitment initiatives, optimization of the organizational structure and promotion of our corporate culture to ensure that it can maintain sustainable development in the future.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions contained in the Corporate Governance Code throughout the period, except for the deviation from code provision C.2.1 as disclosed below.

Under code provision C.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. Ding Shui Po is the chairman and chief executive officer of the Group. He has extensive experience in sportswear industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which are comprised of experienced and high caliber individuals. As at the date of this report, the Board consisted of four executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

COMPLIANCE WITH MODEL CODE

The Company has also adopted the Model Code set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct during the period.

REVIEW OF INTERIM FINANCIAL INFORMATION

Disclosure of financial information in this report complies with Appendix D2 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of the interim results and the unaudited interim financial information for the period.

The external auditor of the Group has reviewed the interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants.

ISSUE OF SECURITIES AND PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

(1) Repurchase of 2025 Xtep Convertible Bonds

An aggregate principal amount of HK$500,000,000 of the 2025 Xtep Convertible Bonds has been repurchased on 6 February 2026 which represents 100% of the initial principal amount of the 2025 Xtep Convertible Bonds.

The repurchase price represents 100.50 percent of the aggregate principal amount of the 2025 Xtep Convertible Bonds and the accrued and unpaid interest on the 2025 Xtep Convertible Bonds.

Following completion of settlement of the repurchase of the 2025 Xtep Convertible Bonds and cancellation thereof, the 2025 Xtep Convertible Bonds were no longer outstanding.

The last trading day of the 2025 Xtep Convertible Bonds on the Vienna Stock Exchange was 6 February 2026, and the 2025 Xtep Convertible Bonds were delisted from the Vienna Stock Exchange on or around 10 February 2026.

(2) Issue of 2026 Xtep Convertible Bonds

On 6 February 2026, the Company issued convertible bonds in the aggregate principal amount of HK$500,000,000 (the "2026 Xtep Convertible Bonds") pursuant to the general mandate granted to the Board by the Shareholders on 28 April 2025. The purpose of the issue is to re-finance the outstanding 2025 Xtep Convertible Bonds.

The 2026 Xtep Convertible Bonds have been placed by UBS AG Hong Kong Branch as the manager to no less than six (6) independent placees (who are professional investors as defined in the SFO). To the best of the Directors' knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) is a third party independent of the Company and its connected persons.

The 2026 Xtep Convertible Bonds are zero coupon and do not bear interest.

The initial conversion price of the 2026 Xtep Convertible Bonds is HK$6.37 per Share, which represents a premium of approximately 23.93% over the last closing price of HK$5.140 per share as quoted on the Stock Exchange on 30 January 2026, being the last trading day prior to signing of the subscription agreement.

Based on the initial conversion price of HK$6.37 per Share and assuming full conversion of the 2026 Xtep Convertible Bonds at the initial conversion price, the 2026 Xtep Convertible Bonds will be convertible into a maximum of 78,492,935 Shares.

The 2026 Xtep Convertible Bonds will mature on 6 February 2029 and the Company will redeem each 2026 Xtep Convertible Bond at 104.59% of its principal amount on 6 February 2029.

The 2026 Xtep Convertible Bonds have been listed on the Vienna Stock Exchange.

The net proceeds from the issue of the 2026 Xtep Convertible Bonds were approximately HK$492 million. The Company has fully utilized the net proceeds from the issue of the 2026 Xtep Convertible Bonds for refinancing the outstanding 2025 Xtep Convertible Bonds.

Based on such net proceeds and assuming the full conversion of the 2026 Xtep Convertible Bonds at the initial conversion price, the net issue price per conversion share is approximately HK$6.27.

For details, please refer to the announcements of the Company dated 2 February 2026 and 6 February 2026.

Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2026, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO). They have notified the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or have otherwise notified the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Long Positions in the Company

Name of Director	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company[1]
Mr. Ding Shui Po	Founder and beneficiary of a discretionary trust[2]/ Beneficial interests[3]	1,326,563,731	47.12%
Ms. Ding Mei Qing	Founder and beneficiary of a discretionary trust[2]/ Beneficial interests[4]	1,253,656,233	44.53%
Mr. Ding Ming Zhong	Founder and beneficiary of a discretionary trust[2]/ Beneficial interests[5]	1,254,386,231	44.56%
Mr. Tan Wee Seng	Beneficial interests	292,975	0.01%

Notes:

(1) It was based on 2,815,096,985 issued Shares of the Company as at 30 June 2026.

(2) Each of Mr. Ding Shui Po, Ms. Ding Mei Qing and Mr. Ding Ming Zhong established a family trust (each, a "Family Trust" and collectively, the "Family Trusts") for the benefit of himself/herself and their respective family members. UBS Trustees (BVI) Limited is the trustee of the Family Trusts.

The Family Trusts (through their controlled companies) indirectly hold 1,251,586,231 Shares in aggregate and therefore each of Mr. Ding Shui Po, Ms. Ding Mei Qing and Mr. Ding Ming Zhong is deemed to be interested in 1,251,586,231 Shares of the Company.

(3) Mr. Ding Shui Po was also beneficially interested in 74,977,500 Shares of the Company.

(4) Ms. Ding Mei Qing was also beneficially interested in 2,070,002 Shares of the Company.

(5) Mr. Ding Ming Zhong was also beneficially interested in 2,800,000 Shares of the Company.

Saved as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which had been notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2026, the persons or corporations (other than the Directors or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of interest in issued share capital of the Company[1]
Group Success	Beneficial interests	1,251,586,231	44.46%
Wan Xing International Holdings Limited	Interests of controlled corporation[2]	1,251,586,231	44.46%
Ding Wang Fortune Limited	Interests of controlled corporation[3]	1,251,586,231	44.46%
Guan Hong Development Limited	Interests of controlled corporation[3]	1,251,586,231	44.46%
Ming Zhong Family Limited	Interests of controlled corporation[3]	1,251,586,231	44.46%
UBS Trustees (BVI) Limited	Trustee[3]	1,251,586,231	44.46%
GSUM IV Holdings Limited	Beneficial interests[4]	169,684,196	6.03%
Hillhouse Focused Growth Fund V, L.P.	Interests of controlled corporation[4]	169,684,196	6.03%
Hillhouse Investment Management, Ltd.	Interests of controlled corporation[4]	169,684,196	6.03%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

(1) It was based on 2,815,096,985 issued Shares of the Company as at 30 June 2026.

(2) Wan Xing International Holdings Limited is deemed to be interested in the Shares held by Group Success by virtue of Group Success being 100% held by Wan Xing International Holdings Limited.

(3) Each of Mr. Ding Shui Po, Ms. Ding Mei Qing and Mr. Ding Ming Zhong established a family trust (each, a "Family Trust" and collectively, the "Family Trusts") for the benefit of himself/herself and their respective family members. UBS Trustees (BVI) Limited is the trustee of the Family Trusts and, through its nominee UBS Nominees Limited, holds the entire issued share capital of each of Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited as the respective trust assets under the Family Trusts.

Each of Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited is deemed to be interested in shares held by Group Success by virtue of Group Success being 100% held by Wan Xing International Holdings Limited, which is in turn held as to 67%, 21% and 12% by Ding Wang Fortune Limited, Guan Hong Development Limited and Ming Zhong Family Limited, respectively.

(4) GSUM IV Holdings Limited is wholly controlled by Hillhouse Investment V, Ltd. which is wholly controlled by Hillhouse Focused Growth Fund V, L.P., and its investment manager is Hillhouse Investment Management, Ltd. Hillhouse Focused Growth Fund V, L.P. and Hillhouse Investment Management, Ltd. are therefore deemed to be interested in the underlying Shares held by GSUM IV Holdings Limited.

Save as disclosed above, as at 30 June 2026, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE SCHEMES

2025 Share Option Scheme and 2025 Share Award Scheme

Adoption and Scheme Life

On 28 April 2025 (the "Adoption Date"), the Company approved and adopted by resolutions of the Shareholders the 2025 Share Option Scheme and the 2025 Share Award Scheme (collectively, the "2025 Share Schemes") which involve the issue or grant of new Shares (including treasury shares (if any)) or existing Shares.

The 2025 Share Schemes have a term of ten years commencing on the Adoption Date unless terminated earlier in accordance with the terms of the 2025 Share Schemes.

Purpose

The purpose of the 2025 Share Schemes is to provide incentives to Selected Participants to contribute to the Group and to enable the Group to recruit, retain and motivate high-calibre employees, attract human resources that are valuable to the Group and to give the Selected Participants an opportunity to have a personal stake in the Company and help motivate Selected Participants to optimise their future contributions to the Group.

Participants

Eligible Participants for the 2025 Share Schemes include Employee Participants, Related Entity Participants and Service Provider Participants.

Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all options and awards under the 2025 Share Schemes and other schemes of the Company would be no more than 277,455,907 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date.

Up to the date of this report, a total of 20,000,000 Shares had been issued under 2025 Share Schemes, representing about 0.7% of the number of Shares in issue on the Adoption Date.

The number of Shares available for future grants to be satisfied by new Shares under the 2025 Share Schemes was 257,455,907 Shares as at 1 January 2026 and 30 June 2026, respectively, representing about 9.1% of the number of Shares in issue on 25 August 2026.

Service Provider Sub-limit

The total number of Shares which may be issued in respect of all Options and Awards under the 2025 Share Schemes and other schemes of the Company to Service Provider Participants would be no more than 27,745,590 Shares, representing 1% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date.

Up to the date of this report, a total of 5,000,000 Shares had been issued under the sublimit applicable to Service Provider Participants under 2025 Share Schemes, representing about 0.2% of the number of Shares in issue on the Adoption Date.

The number of Shares available for future grants to be satisfied by new Shares under the sublimit applicable to Service Provider Participants under the 2025 Share Schemes was 22,745,590 Shares as at 1 January 2026 and 30 June 2026, respectively, representing about 0.8% of the number of Shares in issue on 25 August 2026.

Maximum Entitlement of Each Participant

Unless approval by ordinary resolution of Shareholders in general meeting of the Company is obtained with such Selected Participant and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of options/awards to connected persons, the Board cannot grant any Option or Awards ("Triggering Option/Award") to any Selected Participant which, if exercised or vested, would result in that Selected Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her in respect of all options and awards under the 2025 Share Schemes and other schemes of the Company granted to him/her in the 12-month period immediately preceding the Grant Date of the Triggering Option/Award to exceed 1% of the number of Shares in issue (excluding any treasury shares) as at that Grant Date.

Acceptance Period

An Option or an Award will be open for acceptance by the Grantee or the Selected Participant during an acceptance period which cannot be longer than 30 business days from the date of the letter of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Option Period

The Option Period of the Options granted cannot be longer than the period prescribed in the Listing Rules from time to time (which is, as at the Adoption Date, not longer than 10 years from the Grant Date).

Vesting Period

The vesting period for an Option or an Award under the 2025 Share Schemes shall not be less than 12 months. However, to ensure the practicability in fully attaining the purpose of the 2025 Share Schemes, the Board (or the Remuneration Committee where the arrangements relate to the grant of Options/Awards to the Directors and/or senior management of the Company) may in its sole discretion determine the vesting period to be less than 12 months for the Options/Awards to be granted to the Employee Participants under specific circumstances as set out in the 2025 Share Schemes.

Exercise Price or Award Price

Grantees to whom Options shall be granted, are entitled to subscribe for the number of Shares at the exercise price as determined on the Grant Date. The exercise price for the Options shall be paid in full within 14 business days of the notice of exercise of the Option given by the Selected Participant.

The Board will comply with such basis of determination of the exercise price of the Options as set out in the Listing Rules unless otherwise approved or permitted by the Stock Exchange, such exercise price, pursuant to the Listing Rules as at the Adoption Date, shall not be less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date; and (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Grant Date; and (c) the nominal value of a Share.

The Award Price for the Awarded Shares shall be determined by the Board from time to time based on consideration such as the purpose of the Award and the characteristics and the profile of the Selected Participant, which shall be paid upon vesting of the Awarded Shares or at such other time as determined by the Board in its absolute discretion.

Awards and Options Granted During the Period

During the period under review, no Options or Awards had been granted under the 2025 Share Schemes.

Details of Interest in Awards and Options

No Option under the 2025 Share Option Scheme was outstanding as at 30 June 2026.

Details of the interests of the Grantees of Awards under the 2025 Share Award Scheme as at 30 June 2026 are set out below:

Name or category of Grantees	Date of Grant	Vesting period ends	Number of Awarded Shares: Outstanding as at 1 January 2026	Granted during the period	Vested during the period	Forfeited during the period	Lapsed during the period	Outstanding as at 30 June 2026 (Note 1)	Award Price paid HK$	Closing price of the Shares before the vesting date HK$
Ding Lizhi(2)	5 September 2025	30 September 2026– 31 May 2028	1,000,000	–	–	–	–	1,000,000	–	–
Other Employee Participants	5 September 2025	30 September 2026– 31 May 2028	44,000,000	–	–	–	–	44,000,000	–	–
Service Provider Participants	5 September 2025	30 September 2026– 31 May 2028	5,000,000	–	–	–	–	5,000,000	–	–

Notes:

(1) As of 30 June 2026, there were a total of 50,000,000 outstanding Awarded Shares under 2025 Share Award Scheme. These Awards were granted to more than 100 Selected Participants. 45,000,000 Awarded Shares were granted to Employee Participants; 5,000,000 Awarded Shares were granted to Service Provider Participants. Among the Awarded Shares granted to Employee Participants, 1,000,000 Awarded Shares were granted to Ms. Ding Lizhi, the chief financial officer and vice president of the Group. Ms. Ding is also the eldest daughter and thus an associate of Mr. Ding Shui Po, an Executive Director and controlling shareholder of the Company.

(2) Ms. Ding Li Zhi, the chief financial officer and vice president of the Group, is also the eldest daughter and thus an associate of Mr. Ding Shui Po, an Executive Director and controlling shareholder of the Company.

The Awards granted are subject to performance-related vesting conditions and clawback mechanism as set out in the terms of the 2025 Share Award Scheme.

Further details of the 2025 Share Schemes are set out in note 23 to the interim financial information.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2014 Share Award Scheme

The Company adopted the 2014 Share Award Scheme on 1 August 2014 which expired on 1 August 2024. Following its expiry, the 2014 Share Award Scheme was terminated and no further grant of Shares may be made. During the period, no Share had been granted under the 2014 Share Award Scheme.

The trust period under the trust was also set to expire on 1 August 2024. For the purpose of enabling the trustee of the 2014 Share Award Scheme to continue to hold the any Shares on trust until the scheduled vesting dates and for better administration of the Shares held by the trustee, the Company and the trustee agreed to extend the expiry date of the trust period of the trust to 1 August 2029.

Since the adoption date and up to the date of expiry of the 2014 Share Award Scheme, a total of 125,000,000 Shares had been awarded under the 2014 Share Award Scheme, representing about 4.49% of the number of Shares in issue as of the date of expiry of the 2014 Share Award Scheme. None of the grantees of the Shares awarded under the 2014 Share Award Scheme is a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

No Shares were available for being further awarded under the 2014 Share Award Scheme at the beginning and end of the period and the date of this report.

As of 30 June 2026, there were a total of 20,391,000 outstanding Shares awarded under the 2014 Share Award Scheme, details of which are as follows:

			Number of Shares awarded					
Name or category of grantees	Date of grant	Vesting period ends	Outstanding as at 1 January 2026	Granted during the period	Vested during the period (Notes 1&2)	Forfeited during the period (Notes 1&2)	Lapsed during the period	Outstanding as at 30 June 2026
Employees	19 March 2021	31 March 2026-31 March 2027	32,043,000	–	(700,000)	(10,952,000)	–	20,391,000

Notes:

1. 700,000 Shares were vested on 31 March 2026 and 10,952,000 Shares were forfeited by the relevant selected participants on 31 March 2026. The remaining 20,391,000 Shares were scheduled to be vested on 31 March 2027.

2. No purchase price was paid upon vesting. The closing price of the Shares immediately before the date on which the Shares were vested during the period is HK$4.51.

Further details of the 2014 Share Award Scheme are set out in note 23 to the interim financial information.

INDEPENDENT REVIEW REPORT

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To the board of directors of Xtep International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 47 to 81, which comprise the condensed consolidated statement of financial position of Xtep International Holdings Limited and its subsidiaries as at 30 June 2026 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

25 August 2026

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	5	**6,794,917**	6,837,642
Cost of sales		**(3,640,338)**	(3,763,906)
Gross profit		**3,154,579**	3,073,736
Other income and gains, net	5	**329,761**	353,923
Selling and distribution expenses		**(1,676,223)**	(1,483,454)
General and administrative expenses		**(647,233)**	(639,364)
Operating profit	6	**1,160,884**	1,304,841
Net finance costs	7	**(40,794)**	(52,113)
Share of profits of associates		**24,590**	29,158
PROFIT BEFORE TAX		**1,144,680**	1,281,886
Income tax expense	8	**(327,788)**	(368,318)
PROFIT FOR THE PERIOD		**816,892**	913,568
Attributable to:			
Ordinary equity holders of the Company		**817,888**	913,568
Non-controlling interests		**(996)**	–
		816,892	913,568
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**RMB30.02 cents**	RMB34.55 cents
Diluted		**RMB27.25 cents**	RMB31.72 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**816,892**	913,568
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of operations outside Chinese mainland	**126,565**	19,299
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of financial statements of the Company	**(121,672)**	(33,101)
Equity investments designated at fair value through other comprehensive income	**14,600**	7,300
Income tax effect	**(2,190)**	(1,095)
	12,410	6,205
Net other comprehensive expense that will not be reclassified to profit or loss in subsequent periods	**(109,262)**	(26,896)
Other comprehensive income/(expense) for the period, net of tax	**17,303**	(7,597)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**834,195**	905,971
Attributable to:		
Ordinary equity holders of the Company	**835,090**	905,971
Non-controlling interests	**(895)**	–
	834,195	905,971

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,690,317**	1,759,821
Investment properties		**6,958**	7,663
Right-of-use assets		**892,935**	811,882
Goodwill		**3,840**	3,840
Intangible assets		**24,600**	24,534
Investments in associates		**646,227**	635,212
Equity investments designated at fair value through other comprehensive income	14	**318,500**	303,900
Prepayment, deposits and other asset	13	**82,555**	77,488
Financial assets at fair value through profit or loss	21	**1,022,339**	1,052,228
Term deposits	15	**600,000**	–
Total non-current assets		**5,288,271**	4,676,568
CURRENT ASSETS			
Inventories	11	**2,306,781**	1,828,980
Trade receivables	12	**4,664,344**	4,744,278
Bills receivable	12	**498,790**	411,000
Prepayments, deposits, other receivables and other asset	13	**1,310,341**	1,092,885
Derivative financial instruments	18	**6,784**	7,055
Pledged bank deposits	15	**36,000**	227,000
Term deposits	15	**149,790**	454,000
Cash and cash equivalents	15	**3,449,044**	3,457,110
Total current assets		**12,421,874**	12,222,308
CURRENT LIABILITIES			
Trade payables	16	**2,437,960**	1,755,816
Bills payable		**50,000**	–
Other payables and accruals	17	**1,519,100**	1,821,649
Interest-bearing bank borrowings	19	**520,596**	840,502
Xtep Convertible Bonds	20	**–**	452,016
Lease liabilities		**135,595**	104,703
Deferred subsidies		**577**	577
Derivative financial instruments	18	**38,736**	49,517
Tax payable		**215,381**	126,450
Total current liabilities		**4,917,945**	5,151,230
NET CURRENT ASSETS		**7,503,929**	7,071,078
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,792,200**	11,747,646

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	19	**116,392**	256,276
Xtep Convertible Bonds	20	**1,272,024**	882,345
Lease liabilities		**179,716**	124,345
Deferred tax liabilities		**270,176**	264,128
Deferred subsidies		**18,410**	18,029
Total non-current liabilities		**1,856,718**	1,545,123
NET ASSETS		**10,935,482**	10,202,523
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital	22	**24,780**	24,701
Treasury shares		**(157,633)**	(133,128)
Equity component of convertible bonds		**128,430**	101,998
Reserves		**10,935,588**	10,208,952
		10,931,165	10,202,523
Non-controlling interests		**4,317**	–
Total equity		**10,935,482**	10,202,523

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2026

Six months ended 30 June 2026 (Unaudited)

	Notes	Attributable to ordinary equity holders of the Company												
		Share capital RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus fund RMB'000	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2026 (audited)		24,701	(133,128)	101,998	2,795,844*	118,615*	2,147,042*	46,058*	(273,691)*	149,995*	5,225,089*	10,202,523	-	10,202,523
Profit/(loss) for the period		-	-	-	-	-	-	-	-	-	817,888	817,888	(996)	816,892
Other comprehensive income for the period		-	-	-	-	-	-	-	4,792	12,410	-	17,202	101	17,303
Total comprehensive income for the period		-	-	-	-	-	-	-	4,792	12,410	817,888	835,090	(895)	834,195
2025 final dividend declared	9(b)	-	-	-	-	-	-	-	-	-	(224,839)	(224,839)	-	(224,839)
Shares issued in lieu of cash dividend	22	79	-	-	32,845	-	-	-	-	-	-	32,924	-	32,924
Issuance of 2026 Xtep Convertible Bonds	20	-	-	42,582	-	-	-	-	-	-	-	42,582	-	42,582
Repurchase of 2025 Xtep Convertible Bonds	20	-	-	(16,150)	-	-	-	-	-	-	16,150	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	5,212	5,212
Transfer from statutory surplus fund		-	-	-	-	-	4,025	-	-	-	(4,025)	-	-	-
Equity-settled share award arrangement, net		-	(24,977)	-	-	-	-	67,862	-	-	-	42,885	-	42,885
Vesting of awarded shares		-	472	-	-	-	-	-	-	-	(472)	-	-	-
At 30 June 2026 (unaudited)		24,780	(157,633)	128,430	2,828,689*	118,615*	2,151,067*	113,920*	(268,899)*	162,405*	5,829,791*	10,931,165	4,317	10,935,482

* These reserve accounts comprise the consolidated other reserves of RMB10,935,588,000 (31 December 2025: RMB10,208,952,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2026

Six months ended 30 June 2025 (Unaudited)

		Attributable to ordinary equity holders of the Company									
	Notes	Share capital RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus fund RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2025 (audited)		23,575	(294,563)	85,848	2,224,677	118,615	1,899,941	(259,586)	131,550	4,772,511	8,702,568
Profit for the period		–	–	–	–	–	–	–	–	913,568	913,568
Other comprehensive income/(expense) for the period		–	–	–	–	–	–	(13,802)	6,205	–	(7,597)
Total comprehensive income/(expense) for the period		–	–	–	–	–	–	(13,802)	6,205	913,568	905,971
2024 final dividend declared	9(b)	–	–	–	–	–	–	–	–	(223,404)	(223,404)
Issue of shares		838	–	–	454,517	–	–	–	–	–	455,355
Shares issued in lieu of cash dividend		73	–	–	40,408	–	–	–	–	–	40,481
Issuance of 2025 Xtep Convertible Bonds		–	–	16,150	–	–	–	–	–	–	16,150
Transfer from statutory surplus fund		–	–	–	–	–	2,786	–	–	(2,786)	–
Equity-settled share award arrangement, net		–	(21,143)	–	–	–	–	–	–	–	(21,143)
Vesting of awarded shares		–	883	–	–	–	–	–	–	(883)	–
At 30 June 2025 (unaudited)		24,486	(314,823)	101,998	2,719,602	118,615	1,902,727	(273,388)	137,755	5,459,006	9,875,978

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash from operations	**1,088,501**	1,021,675
Income tax paid	**(234,999)**	(230,617)
Net interest expenses paid	**(6,212)**	(17,289)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**847,290**	773,769
NET CASH FLOWS USED IN INVESTING ACTIVITIES[(i)]	**(111,450)**	(166,992)
NET CASH FLOWS USED IN FINANCING ACTIVITIES[(ii)]	**(735,163)**	(368,416)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**677**	238,361
Cash and cash equivalents at beginning of period	**3,457,110**	2,979,194
Effect of foreign exchange rate changes, net	**(8,743)**	(107)
Cash and cash equivalents at end of period	**3,449,044**	3,217,448
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	**3,449,044**	3,217,448

The accompanying notes form part of this interim financial information.

(i) Net cash flows from investing activities for the reporting period mainly included investment income derived from financial assets at fair value through profit or loss and term deposits of RMB23,026,000 (2025: RMB27,610,000), decrease in pledged bank deposits of RMB191,000,000 (2025: RMB120,840,000), acquisition of items of property, plant and equipment of RMB21,717,000 (2025: RMB89,739,000), acquisition of intangible assets of RMB2,902,000 (2025: RMB4,478,000), increase in deposit paid for the acquisition of property, plant and equipment of RMB5,067,000 (2025: decrease in deposit paid for the acquisition of property, plant and equipment of RMB6,775,000) and increase in bank, term and structure deposits of RMB295,790,000 (2025: RMB228,000,000).

(ii) Net cash flows used in financing activities for the reporting period mainly included the dividends paid to ordinary equity holders of the Company of RMB191,915,000 (2025: RMB182,923,000) apart from scrip shares in lieu of cash, net proceeds from issue of shares of nil (2025: RMB455,355,000), net repayment of bank borrowings of RMB454,475,000 (2025: RMB1,035,218,000), proceeds from issue of 2026 Xtep Convertible Bonds of RMB442,399,000 (2025: 2025 Xtep Convertible Bonds of RMB461,300,000), repayment of 2025 Xtep Convertible Bonds of RMB444,612,000 (2025: Nil) and principal elements of lease payments of RMB90,658,000 (2025: RMB35,145,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. CORPORATE AND GROUP INFORMATION

Xtep International Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The Company's principal place of business in Hong Kong is located at Unit A, 27/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were engaged in the design, development, manufacture and marketing of sportswear, including footwear, apparel and accessory products. There were no significant changes in the nature of the Group's principal activities during the period.

In the opinion of the directors, the controlling shareholder of the Company is Wan Xing International Holdings Limited ("Wan Xing"), which is a limited liability company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim condensed consolidated financial information does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for bills receivable, financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments which have been measured at fair value. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025 except for the adoption of the revised HKFRS Accounting Standards as further detailed in note 2.2 below.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*

The nature and impact of the amended HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to HKFRS Accounting Standards — Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those used by management in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of sportswear, including footwear, apparel and accessories. For management purposes, the Group is organised into business units based on market segmentation and has two reportable operating segments as follows:

(a) mass market segment, including signature brand, Xtep; and

(b) professional sports segment, including signature brands, Saucony and Merrell.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that net finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, pledged bank deposits, term deposits, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, convertible bonds, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION (Continued)

The operating segment information for the six months ended 30 June 2026 and 2025 are as follows:

Six months ended 30 June 2026	**Mass market RMB'000 (Unaudited)**	**Professional sports RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment revenue (note 5)			
Sales to external customers	**5,919,931**	**874,986**	**6,794,917**
Segment results	**1,119,943**	**90,778**	**1,210,721**
Share of profits of associates	**7,689**	**16,901**	**24,590**
Net finance costs			**(40,794)**
Corporate and other unallocated expenses			**(49,837)**
Profit before tax			**1,144,680**

Six months ended 30 June 2025	Mass market RMB'000 (Unaudited)	Professional sports RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 5)			
Sales to external customers	6,052,467	785,175	6,837,642
Segment results	1,207,644	78,620	1,286,264
Share of profits of associates	10,414	18,744	29,158
Net finance costs			(52,113)
Corporate and other unallocated expenses, net			18,577
Profit before tax			1,281,886

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. OPERATING SEGMENT INFORMATION (Continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2026 and 31 December 2025, respectively.

	Mass market RMB'000 (Unaudited)	Professional sports RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
30 June 2026			
Segment assets	**13,667,450**	**1,189,618**	**14,857,068**
Corporate and other unallocated assets			**2,853,077**
Total assets			**17,710,145**
Segment liabilities	**3,779,138**	**525,050**	**4,304,188**
Corporate and other unallocated liabilities			**2,470,475**
Total liabilities			**6,774,663**

	Mass Market RMB'000 (Unaudited)	Professional sports RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
31 December 2025			
Segment assets	12,768,809	979,891	13,748,700
Corporate and other unallocated assets			3,150,176
Total assets			16,898,876
Segment liabilities	3,344,155	432,461	3,776,616
Corporate and other unallocated liabilities			2,919,737
Total liabilities			6,696,353

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, and other income and gains, net is as follows:

(i) Revenue

Revenue represents the net invoiced value of goods sold during the period, after allowances for returns and trade discounts. The performance obligation is satisfied upon delivery of the sportswear goods and the payment is generally due within 90 to 120 days from delivery, except for new customers, where payment in advance is normally required. Disaggregation of revenue from contracts with customers by product categories is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Product categories		
Footwear	**4,271,567**	4,154,108
Apparel	**2,402,398**	2,552,331
Accessories	**120,952**	131,203
	6,794,917	6,837,642

(ii) Other income and gains, net

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Subsidy income*	**201,252**	236,745
Rental income	**21,397**	17,810
Royalty income	**39,693**	36,796
Income derived from financial assets at FVPL, term deposits and structured bank deposits	**23,026**	27,610
Dividend income from equity investments designated at FVOCI	**4,788**	–
Fair value gain on the derivative component of 2021 Xtep Convertible Bonds	**8,993**	22,081
Fair value gain on financial assets at FVPL	**3,856**	–
Others	**26,756**	12,881
	329,761	353,923

* There are no unfulfilled conditions or contingencies relating to these subsidies.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

6. OPERATING PROFIT

The Group's operating profit is arrived at after charging/(crediting):

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Advertising and promotional costs	**816,422**	862,252
Impairment/(write-back of impairment) of trade receivables, net	**(10,586)**	23,151
Provision for inventories	**5,821**	12,528
Research and development costs*	**182,829**	189,966
Depreciation of property, plant and equipment	**79,987**	60,416
Depreciation of right-of-use assets	**95,917**	62,607
Amortisation of intangible assets	**2,836**	2,362
Staff costs	**711,218**	699,785
Equity-settled share award scheme expense, net	**42,885**	(21,143)

* The research and development costs for the six months ended 30 June 2026 included RMB108,347,000 (six months ended 30 June 2025: RMB103,650,000) relating to the depreciation of research and development centres and staff costs for research and development activities, which were also included in the total amounts disclosed above for each of these types of expenses.

7. NET FINANCE COSTS

An analysis of net finance costs is as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest expense on bank loans	**5,585**	21,403
Interest expense on discounted bills receivable	**2,302**	5,571
Interest expense on Xtep Convertible Bonds	**34,582**	31,985
Interest expense on lease liabilities	**4,845**	2,856
Amortisation of bank charges on syndicated loans	**–**	4,130
Bank interest income	**(6,520)**	(13,832)
	40,794	52,113

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Current tax — Chinese mainland		
Charge for the period	**283,734**	290,144
Under-provision in prior periods	**14,054**	14,498
	297,788	304,642
Deferred tax	**30,000**	63,676
	327,788	368,318

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

9. DIVIDENDS

(a) Dividends attributable to ordinary equity holders of the Company during the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim dividend — HK18.0 cents (six months ended 30 June 2025: HK18.0 cents) per ordinary share	**440,135**	456,774

At the board meeting held on 25 August 2026, the board of directors declared and approved an interim dividend of HK18.0 cents (equivalent to approximately RMB15.6 cents) per ordinary share, totalling approximately HK$506,717,000 (equivalent to approximately RMB440,135,000), for the six months ended 30 June 2026. The interim dividend will be payable in cash with a scrip dividend alternative. This interim dividend has not been recognised as a liability in the interim condensed consolidated financial information.

(b) Dividends declared and paid to ordinary equity holders of the Company during the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividends in respect of the financial years ended: 31 December 2025 — HK9.5 cents (2024 — HK9.5 cents) per ordinary share	**224,839**	223,404

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 June 2026 is based on the profit for the period attributable to ordinary equity holders of the Company of RMB817,888,000 (six months ended 30 June 2025: RMB913,568,000) and the weighted average number of 2,724,400,210 (six months ended 30 June 2025: 2,643,911,758) ordinary shares outstanding during the period as adjusted to reflect the number of treasury shares held under the share award schemes of the Company.

The calculation of diluted earnings per share for the six months ended 30 June 2026 is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest and other related profit or loss effect on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**817,888**	913,568
Add: Interest on Xtep Convertible Bonds	**34,582**	31,985
Less: Fair value gain on 2021 Xtep Convertible Bonds early redemption option	**(8,993)**	(22,081)
Profit attributable to ordinary equity holders of the Company before profit or loss effect on Xtep Convertible Bonds	**843,477**	923,472

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

Shares

	Number of shares	
	2026	2025
Weighted average number of ordinary shares as used in the basic earnings per share calculation	**2,724,400,210**	2,643,911,758
Effect of dilution — weighted average number of ordinary shares		
— Share awards	**39,812,858**	33,100,854
— Xtep Convertible Bonds	**331,093,997**	234,659,001
Weighted average number of ordinary shares	**3,095,307,065**	2,911,671,613

11. INVENTORIES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Raw materials	**30,482**	41,829
Work in progress	**275,742**	148,089
Finished goods	**2,047,055**	1,679,739
	2,353,279	1,869,657
Less: Provision for inventories	**(46,498)**	(40,677)
	2,306,781	1,828,980

12. TRADE AND BILLS RECEIVABLES

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables		**5,095,384**	5,185,904
Less: Impairment of trade receivables		**(431,040)**	(441,626)
	(a)	**4,664,344**	4,744,278
Bills receivable	(b)	**498,790**	411,000

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three to four months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a number of diversified customers and there is certain concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes:

(a) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	**2,210,211**	2,384,367
3 to 6 months	**1,476,632**	1,471,667
6 to 9 months	**839,189**	752,600
Over 9 months	**138,312**	135,644
	4,664,344	4,744,278

(b) The maturity dates of the Group's bills receivable at the end of the reporting period is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	**75,000**	–
3 to 6 months	**423,790**	411,000
	498,790	411,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

13. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSET

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Prepayments to contracted manufacturers	**216,240**	169,462
Deposits and advance payments to suppliers	**273,330**	270,041
Deposits and advance payments to subcontractors	**343,022**	266,754
Other asset	**65,010**	65,010
Other deposits	**83,770**	60,989
Value added tax ("VAT") recoverable	**140,104**	205,505
Loan to an associate (note)	**100,000**	–
Other receivables	**171,420**	132,612
	1,392,896	1,170,373
Less: Non-current portion	**(82,555)**	(77,488)
	1,310,341	1,092,885

Note:

Loan to an associate is unsecured, interest-bearing at a rate of 2.2% per annum and repayable on 29 March 2027.

14. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	RMB'000
At 1 January 2026 (audited)	303,900
Changes in fair values	14,600
At 30 June 2026 (unaudited)	318,500

As at 30 June 2026, the Group held two unlisted investments with fair values of RMB300,800,000 (31 December 2025: RMB286,200,000) and RMB17,700,000 (31 December 2025: RMB17,700,000), representing 5% and 11% (31 December 2025: 5% and 11%) equity interests in two corporate entities, which were established in the People's Republic of China ("PRC").

15. TERM DEPOSITS, CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Note	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Term deposits		**749,790**	454,000
Cash and bank balances		**3,485,044**	3,684,110
Total		**4,234,834**	4,138,110
Less: Pledged bank deposits for:			
— short-term bank loans	19	**(36,000)**	(227,000)
Current term deposits		**(149,790)**	(454,000)
Non-current term deposits		**(600,000)**	–
Cash and cash equivalents		**3,449,044**	3,457,110

At the end of the reporting period, the cash and bank balances and term and bank deposits of the Group denominated in RMB amounted to RMB4,053,567,000 (31 December 2025: RMB3,714,295,000). RMB is not freely convertible into other currencies. However, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	**2,215,732**	1,560,734
3 to 6 months	**99,874**	87,246
Over 6 months	**122,354**	107,836
	2,437,960	1,755,816

Notes:

(a) The trade payables are non-interest-bearing and are normally settled within 60 to 120 days.

(b) Included in the trade payables are amounts due to associates of RMB35,944,000 (31 December 2025: RMB74,865,000) which are repayable on demand.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

17. OTHER PAYABLES AND ACCRUALS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contract liabilities	**313,174**	310,352
Other payables	**530,760**	570,538
VAT payables	**24,059**	29,719
Accruals	**651,107**	911,040
	1,519,100	1,821,649

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Note	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Derivative financial asset:			
— Call option		**6,784**	7,055
Derivative financial liability:			
— Xtep Convertible Bonds early redemption options	20	**(38,736)**	(49,517)

19. INTEREST-BEARING BANK BORROWINGS

		30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Notes	Effective interest rate per annum	Maturity	RMB'000	Effective interest rate per annum	Maturity	RMB'000
Current							
Revolving loans	(a)			–	2.3%-3.0%	2026	200,004
Mortgage loans	(b)	**5 year loan prime rate ("LPR")-0.8%**	**2026**	**20,596**	5 year LPR-0.8%	2026	20,498
Other bank loans	(c)	**1 year LPR-0.92% to 1 year LPR-0.95%**	**2026**	**500,000**	1 year LPR-0.95% to 1 year LPR-1.15%	2026	620,000
Total current				**520,596**			840,502
Non-current							
Mortgage loans	(b)	**5 year LPR-0.8%**	**2027 to 2031**	**116,392**	5 year LPR-0.8%	2027 to 2031	128,076
Other bank loans	(c)			–	1 year LPR-0.92% to 1 year LPR-1.45%	2027 to 2033	128,200
Total non-current				**116,392**			256,276
				636,988			1,096,778

Notes:

(a) The revolving loans are supported by:

(i) the pledge of certain of the Group's deposits amounting to RMB36,000,000 (31 December 2025: RMB227,000,000) in aggregate as at 30 June 2026; and

(ii) corporate guarantees provided by wholly-owned subsidiaries of the Company to the extent of HK$1,225,000,000 and RMB85,000,000 (equivalent to approximately RMB1,064,035,000 and RMB85,000,000, respectively) (31 December 2025: HK$1,225,000,000 and RMB85,000,000 (equivalent to approximately RMB1,106,420,000 and RMB85,000,000, respectively)) as at the end of the reporting period.

(b) The mortgage loans were supported by mortgages over buildings and respective leasehold land under right-of-use assets of the Group with an aggregate carrying amount of RMB356,943,000 (31 December 2025: RMB365,582,000).

(c) Other bank loans were supported by corporate guarantees provided by a wholly-owned subsidiary of the Company to the extent of RMB200,000,000 (31 December 2025: RMB1,150,000,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

20. XTEP CONVERTIBLE BONDS

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
2021 Xtep Convertible Bonds	(a)	**455,845**	462,100
2024 Xtep Convertible Bonds	(b)	**416,069**	420,245
2025 Xtep Convertible Bonds	(c)	**–**	452,016
2026 Xtep Convertible Bonds	(d)	**400,110**	–
		1,272,024	1,334,361
Less: Current portion		**–**	(452,016)
Non-current portion		**1,272,024**	882,345

Notes:

(a) 2021 Xtep Convertible Bonds

The 2021 Xtep convertible bonds were issued on 9 September 2021 (the "2021 Xtep Convertible Bonds"). The movements of the liability component, equity component and embedded derivative of the 2021 Xtep Convertible Bonds during the six months ended 30 June 2026 are as follows:

	Liability component RMB'000	**Equity component** RMB'000	**Embedded derivative** RMB'000	**Total** RMB'000
At 1 January 2026 (audited)	462,100	26,460	49,517	538,077
Interest expense	11,586	–	–	11,586
Fair value gain (note 5)	–	–	(8,993)	(8,993)
Exchange difference	(17,841)	–	(1,788)	(19,629)
At 30 June 2026 (unaudited)	455,845	26,460	38,736	521,041

(b) 2024 Xtep Convertible Bonds

The 2024 Xtep convertible bonds were issued on 1 November 2024 (the "2024 Xtep Convertible Bonds"). The movements of the liability component and equity component of the 2024 Xtep Convertible Bonds during the six months ended 30 June 2026 are as follows:

	Liability component RMB'000	**Equity component** RMB'000	**Total** RMB'000
At 1 January 2026 (audited)	420,245	59,388	479,633
Interest expense	12,068	–	12,068
Exchange difference	(16,244)	–	(16,244)
At 30 June 2026 (unaudited)	416,069	59,388	475,457

20. XTEP CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(c) 2025 Xtep Convertible Bonds

The 2025 Xtep convertible bonds were issued on 20 February 2025 (the "2025 Xtep Convertible Bonds") and have been repurchased by the Group on 6 February 2026. For details, please refer to the announcements of the Company dated 30 January 2026, 2 February 2026 and 6 February 2026. The movements of the liability component and equity component of the 2025 Xtep Convertible Bonds during the six months ended 30 June 2026 are as follows:

	Liability component RMB'000	**Equity component** RMB'000	**Total** RMB'000
At 1 January 2026 (audited)	452,016	16,150	468,166
Interest expense	3,221	–	3,221
Interest payment	(1,438)	–	(1,438)
Exchange difference	(9,187)	–	(9,187)
Repurchase	(444,612)	(16,150)	(460,762)
At 30 June 2026 (unaudited)	–	–	–

(d) 2026 Xtep Convertible Bonds

On 6 February 2026, the Group issued convertible bonds in the aggregate principal amount of HK$500,000,000 (the "2026 Xtep Convertible Bonds") pursuant to the general mandate granted to the board by the shareholders on 28 April 2025. The 2026 Xtep Convertible Bonds are zero coupon and do not bear interest. The initial conversion price of the 2026 Xtep Convertible Bonds is HK$6.37 per conversion share. The 2026 Xtep Convertible Bonds will mature on 6 February 2029 and will be redeemed at a price equal to 104.59% of the principal amount. The 2026 Xtep Convertible Bonds have been listed on the Vienna Stock Exchange. For details, please refer to the announcements of the Company dated 30 January 2026, 2 February 2026 and 6 February 2026.

	Liability component RMB'000	**Equity component** RMB'000	**Total** RMB'000
At the issuance date	399,817	42,582	442,399
Interest expense	7,707	–	7,707
Exchange difference	(7,414)	–	(7,414)
At 30 June 2026 (unaudited)	400,110	42,582	442,692

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group acquired a financial asset at fair value through profit or loss ("KP Convertible Bonds") in 2024. The movements of KP Convertible Bonds during the six months ended 30 June 2026 are as follows

	RMB'000
At 1 January 2026 (audited)	1,052,228
Fair value gain (note 5)	3,856
Exchange difference	(33,745)
At 30 June 2026 (unaudited)	1,022,339

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

22. SHARE CAPITAL

At 30 June 2026

	HK$'000 (Unaudited)	RMB'000 (Unaudited)
Authorised: 100,000,000,000 ordinary shares of HK$0.01 each	**1,000,000**	**935,629**
Issued and fully paid: 2,815,096,985 ordinary shares of HK$0.01 each	**28,151**	**24,780**

At 31 December 2025

	HK$'000 (Audited)	RMB'000 (Audited)
Authorised: 100,000,000,000 ordinary shares of HK$0.01 each	1,000,000	935,629
Issued and fully paid: 2,806,072,356 ordinary shares of HK$0.01 each	28,061	24,701

The following changes in the Company's share capital took place during the current period:

	Number of ordinary share of HK$0.01 each	**Share capital** HK$'000	**Share capital** RMB'000
At 1 January 2026	2,806,072,356	28,061	24,701
Shares issued in lieu of cash dividend	9,024,629	90	79
At 30 June 2026 (unaudited)	2,815,096,985	28,151	24,780

23. SHARE OPTION AND AWARD SCHEMES

(a) 2025 Share Option Scheme

On 28 April 2025, the board of directors of the Company (the "Board") approved and adopted by resolutions of the shareholders a share option scheme (the "2025 Share Option Scheme").

No options were granted, exercised, lapsed or cancelled under the 2025 Share Option Scheme during the period. As at 30 June 2026, there were no outstanding options under the 2025 Share Option Scheme.

(b) 2014 Share Award Scheme

On 1 August 2014, the Board adopted a share award scheme (the "2014 Share Award Scheme").

Details of the outstanding Awarded Shares under the 2014 Share Award Scheme as at 30 June 2026 are as follows:

Grant date	Number of Awarded Shares to vest	Vesting period	Fair value at grant date HK$ per share
19 March 2021	20,391,000	19 March 2021 to 31 March 2027	3.06

(c) 2025 Share Award Scheme

On 28 April 2025, the Board adopted a share award scheme (the "2025 Share Award Scheme").

Details of the outstanding Awarded Shares under the 2025 Share Award Scheme as at 30 June 2026 are as follows:

Grant date	Number of Awarded Shares to vest	Vesting period	Fair value at grant date HK$ per share
5 September 2025	15,000,000	5 September 2025 to 30 September 2026	6.08
5 September 2025	35,000,000	5 September 2025 to 31 May 2028	5.69

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

24. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
In respect of:		
— construction of new buildings	**68,838**	67,305
— advertising and promotional expenses	**297,489**	448,100
	366,327	515,405

25. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this interim condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

(i) The Group entered into several lease arrangements with Hu Du Century (Xiamen) Investment Management Co., Ltd., a company established in the PRC and a wholly-owned subsidiary of Wan Xing. The lease arrangements were accounted for under HKFRS 16 *Leases*.

The associated transactions and balances are disclosed below:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Rental payment	**1,571**	2,370
Depreciation of right-of-use assets	**1,567**	2,286
Interest expenses on lease liabilities	**379**	231

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Right-of-use assets	**4,587**	6,691
Lease liabilities	**4,791**	6,830

These lease arrangements also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

25. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

(ii) The Group entered into the transition services agreement on 30 November 2024 with KP Global Investment Limited, a company owned by the directors and controlling shareholder of the Company:

The associated transactions and balances are disclosed below:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Office leasing and licensing income	**2,170**	1,605
Sharing of administrative services income	**4,298**	5,488
Guarantee fee income*	**–**	56
Warehouse and logistics services income*	**2,706**	3,267

* The guarantee fee income and warehouse and logistic services income also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(iii) During the six months ended 30 June 2026, royalty expense amounting to RMB54,251,000 (six months ended 30 June 2025: RMB54,677,000) were payable by the Group to an associate of the Group according to the product cost at 19% of mutually agreed terms.

These transactions were entered into by the Group and its related companies in accordance with the terms of the respective agreements.

(b) Outstanding balances with related parties:

Details of the Group's other receivable and trade payable balances with the associates are disclosed in notes 13 and 16 to the interim condensed consolidated financial information, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

26. FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

At 30 June 2026, the Group discounted certain commercial bills receivable with a carrying amount in aggregate of approximately RMB762,000,000 (31 December 2025: RMB802,500,000) to a bank in the PRC (the "Derecognised Bills") for cash. The Derecognised Bills had a remaining maturity from approximately 82 days to 182 days (31 December 2025: 5 days to 177 days) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC bank and/or the issuers of bills receivable default (the "Continuing Involvement"). According to the bank discounting agreements, the bank has waived the right of recourse against the Group and such that the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair value of the Group's Continuing Involvement in the Derecognised Bills is not significant.

During the six months ended 30 June 2026, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills (six months ended 30 June 2025: Nil). No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The amount of bills receivable of RMB762,000,000 (six months ended 30 June 2025: RMB525,504,000) has been discounted during the six months ended 30 June 2026.

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, term deposits, trade and bills receivable, trade and bills payables, financial assets included in other receivables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings and Xtep Convertible Bonds approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of non-current portion of interest-bearing bank borrowings and Xtep Convertible Bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and Xtep Convertible Bonds as at 30 June 2026 were assessed to be insignificant. The fair values of non-current portion of interest-bearing bank borrowings and Xtep Convertible Bonds approximate to their carrying amounts as at the end of the reporting period.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of bills receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The key observable inputs in the valuation are time to expiration and risk free rate. The fair values of bill receivables approximate to their carrying amounts as at the end of the reporting period.

The fair value of 2021 Xtep Convertible Bonds early redemption options and KP Convertible Bonds have been estimated using binomial models of which key observable input is risk free rate. The valuation required the directors to determine the equity value based on discounted cash flow and the discount rate. The fair value of the call option is based on the recent transaction price.

The fair value of the unlisted equity investments designated at fair value through other comprehensive income have been estimated using the quoted price of the latest transactions or a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry and geography, and to calculate an appropriate price multiple, such as price to net book value ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the market price per share by the net book value per share of the comparable company. The trading multiple is then discounted for considerations such as marketability between the comparable companies based on company-specific facts and circumstances.

The discounted multiple is applied to the corresponding P/B multiple of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the interim condensed consolidated statement of comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of unlisted equity investments, 2021 Xtep Convertible Bonds early redemption options and KP Convertible Bonds together with a quantitative sensitivity analysis as at 30 June 2026:

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments	Market multiples	P/B multiple of peers	30 June 2026: 0.10x to 1.33x (31 December 2025: 0.16x to 1.64x)	5% (31 December 2025: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB15.9 million (31 December 2025: RMB15.2 million)
		Discount for lack of marketability ("DLOM")	30 June 2026: 20% (31 December 2025: 20%)	2.5% (31 December 2025: 2.5%) increase/decrease in DLOM would result in decrease/increase in fair value by RMB10.0 million (31 December 2025: RMB9.5 million)
2021 Xtep Convertible Bonds early redemption option	Binomial model	Discount rate	30 June 2026: 5.7% (31 December 2025: 5.1%)	0.5% (31 December 2025: 0.5%) increase/decrease in discount rate would result in increase in fair value by RMB2.5 million (31 December 2025: RMB3.8 million)/decrease in fair value by RMB2.5 million (31 December 2025: RMB3.8 million)

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
KP Convertible Bonds	Binomial model	Weighted average cost of capital ("WACC")	30 June 2026: 13.0% (31 December 2025: 13.3%)	0.5% (31 December 2025: 0.5%) increase/decrease in WACC would result in decrease in fair value by RMB14.9 million (31 December 2025: RMB17.6 million)/increase in fair value by RMB14.9 million (31 December 2025: RMB17.5 million)
		Volatility	30 June 2026: 44.5% (31 December 2025: 43.9%)	0.5% (31 December 2025: 0.5%) increase/decrease in volatility would result in increase in fair value by RMB1.4 million (31 December 2025: RMB1.5 million)/decrease in fair value by RMB1.5 million (31 December 2025: RMB1.8 million)
		Discount rate	30 June 2026: 7.6% (31 December 2025: 7.1%)	0.5% (31 December 2025: 0.5%) increase/decrease in discount rate would result in decrease in fair value by RMB17.6 million (31 December 2025: RMB16.9 million)/ increase in fair value by RMB14.7 million (31 December 2025 RMB17.5 million)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Derivative financial instruments	–	6,784	–	6,784
Financial assets at FVPL	–	–	1,022,339	1,022,339
Equity investments designated at FVOCI	–	–	318,500	318,500
Bills receivable	–	498,790	–	498,790
	–	505,574	1,340,839	1,846,413

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Derivative financial instruments	–	7,055	–	7,055
Financial assets at FVPL	–	–	1,052,228	1,052,228
Equity investments designated at FVOCI	–	–	303,900	303,900
Bills receivable	–	411,000	–	411,000
	–	418,055	1,356,128	1,774,183

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities measured at fair value:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Derivative financial instruments	–	–	38,736	38,736

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Derivative financial instruments	–	–	49,517	49,517

For the six months ended 30 June 2026, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2025: Nil).

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2026.

INFORMATION FOR INVESTORS

Information for Investors

Share information

Company name: Xtep International Holdings Limited
Listing: Hong Kong Stock Exchange
Stock code: 1368
Listing date: 3 June 2008
Board lot size: 500 shares
Number of issued shares as at 30 June 2026: 2,815,096,985
Market capitalization as at 30 June 2026: HK$10,584,764,664
Index constituent:

- Hang Seng Composite Index Series
- MSCI China SMID Cap Index
- MSCI China Small Cap Index
- MSCI Hong Kong-Listed Southbound IMI Index

Basic earnings per Share for the six months ended 30 June 2026:

- RMB30.02 cents

Interim dividends per Share:

- HK18.0 cents with a scrip dividend option

Key dates for investors

25 August 2026	2026 interim results announcement
8 to 10 September 2026	Closure of the register of shareholders for determination of interim dividend entitlement (both days inclusive)
30 October 2026	Payment of interim dividends

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GLOSSARY

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

"2014 Share Award Scheme"	the share award scheme of the Company adopted on 1 August 2014
"2025 Share Award Scheme"	the share award scheme of the Company adopted on 28 April 2025
"2025 Share Option Scheme"	the share option scheme of the Company adopted on 28 April 2025
"2025 Share Schemes"	the 2025 Share Option Scheme and the 2025 Share Award Scheme
"2021 Xtep Convertible Bonds"	the 1.8% convertible bonds due 2027 in the principal amount of HK$500,000,000 issued by the Company
"2024 Xtep Convertible Bonds"	the 3.5% convertible bonds due 2030 in the principal amount of HK$500,000,000 issued by the Company
"2025 Xtep Convertible Bonds"	the 1.5% convertible bonds due 2026 in the principal amount of HK$500,000,000 issued by the Company
"2026 Xtep Convertible Bonds"	the zero coupon convertible bonds due 2029 in the principal amount of HK$500,000,000 issued by the Company
"Board"	the Board of Directors of the Company
"Company"	Xtep International Holdings Limited
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"DTC"	Direct-to-consumer
"Group"	The Company and its subsidiaries
"Group Success"	Group Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability on 23 February 2007, and is wholly owned by Wan Xing International Holdings Limited, which is in turn ultimately owned as to 67% by Mr. Ding Shui Po's family trust, 21% by Ms. Ding Mei Qing's family trust and 12% by Mr. Ding Ming Zhong's family trust
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC

GLOSSARY

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"KP Convertible Bonds"	the 3.5% convertible bonds due 2032 in the principal amount of US$154,000,000 issued by KP Global
"KP Global"	KP Global Investment Limited, owner of K-Swiss and Palladium brands
"KP Global Group"	KP Global and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC" or "China" or "Chinese Mainland" or "Mainland China"	The People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
"R&D"	Research and development
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	Ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	Shareholder(s) of the Company
"U.S."	United States of America
"US$"	U.S. dollars, the lawful currency of the U.S.
"Xtep"	Xtep brand
"Xtep Adult"	The adult's sportswear business of the core Xtep brand
"Xtep Convertible Bonds"	the 2021 Xtep Convertible Bonds, 2024 Xtep Convertible Bonds, 2025 Xtep Convertible Bonds and 2026 Xtep Convertible Bonds
"X Young"	the children's sportswear business of the core Xtep brand

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters, including a review of the interim result and the unaudited condensed consolidated financial statements for the six months ended 30 June 2026 with the independent auditor.

The independent auditor has reviewed the condensed consolidated financial statements for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants.

BOOK CLOSURE

The transfer books and register of members of the Company will be closed from Tuesday, 8 September 2026 to Thursday, 10 September 2026, both days inclusive, for the purpose of determining shareholders' entitlements to the interim dividend. The record date for entitlement to the interim dividend is on Thursday, 10 September 2026. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 7 September 2026. The payment date of the interim dividend is expected to be on Friday, 30 October 2026.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at http://www.xtep.com.hk. The 2026 Interim Report for the six months ended 30 June 2026 containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 25 August 2026

As at the date of this announcement, the executive Directors of the Company are Mr. Ding Shui Po, Ms. Ding Mei Qing, Mr. Ding Ming Zhong and Mr. Yeung Lo Bun; the non-executive Director is Mr. Tan Wee Seng and the independent non-executive Directors are Dr. Bao Ming Xiao, Dr. Wu Ka Chee, Davy and Dr. Chan Yee Wah.