



Xtep 3 Step Strategic Plan: “Product+” “Sports+” “Internet+”

(18 June 2015, Hong Kong) – Leading PRC-based fashion sportswear enterprise Xtep International Holdings Limited (“Xtep” or the “Company”, together with its subsidiaries, the “Group”) (Stock code: 1368) is pushing ahead with the “Three+” strategy, highlighting “Product+,” “Sports+” and “Internet+”, to capture opportunities arising from China’s favourable policy in supporting the sports industry.

The running and football sports categories under Xtep are positioned to be the largest beneficiary of the Central Government’s policy to spend more than RMB5,000 billion in promoting the development of the sports industry, the acceleration of urbanisation, rising disposable income and increasing popularity of sports in Mainland China.

“Product +”

As market competition intensifies and the market has become more mature, consumers demand greater functionality of products. Nowadays, running has become the most popular sport in Mainland China with the highest market potential and largest consumer market. Meanwhile, football is becoming a more and more popular sport activity on campuses. To reinforce the sports product portfolio strategy of focusing on running and football, Xtep has devoted resources to comprehensively upgrade its products in terms of professional functionality and quality to particularly provide users with comfort and protection in addition to its fashion sportswear feature.

Xtep has incorporated the latest technologies and innovations into its footwear series, namely Dynamic Foam, X-Helix and X-Air technologies. Dynamic Foam offers a soft rebound in shock absorption while providing resilience as well as protection of runners’ joints; X-Helix, with the stability technology and Xtep’s core hollow loop structure, facilitates recovery from impact compression and provides shoe sole integrity and foot stability through good resilience; X-Air cushioning applies air cushion technology, through a multiple-segment attached cushion covering the entire sole which essentially forms an air cushion, providing protection during foot impact through a flexible range of soft cushioning. In addition, Xtep’s apparel series are upgraded with “seamless”, “cool” and “fast-dry” technologies to assure that athletes are provided with maximum comfort.

Entering the era of wearables, Xtep will enhance its R&D input, based on the Internet of Things concept, to launch “smart shoes” (including kids’ series) in the second half of the year. It is believed that these new products, enhanced with intelligent technology and customized feature, will enable Xtep to seize the high-end market. In parallel, Xtep will promote its products via a membership program and social media channels such as WeChat. In addition to children’s smart shoes, Xtep also plans to develop different types of smart wearables and promotes these products to more than 30,000 members of its Running Club across the country.

As for football, Xtep has formulated a long-term plan with emphasis on the development of campus football and optimization of its football product portfolio. Besides, Xtep aims to increase its brand recognition and expand its market outreach to the young population by nurturing football culture on campuses and sponsoring related football matches. Xtep has been committed to promoting the development of football in local universities. In addition to becoming the title sponsor of two major national university football leagues, the China College Futsal League (5 players per team) and the XTEP China University Football League (11 players per team), the Group will extend its market penetration into primary and secondary schools and build brand loyalty.

“Sports +”

In recent years, Xtep has put more and more resources into the sports sector, and has become the sports brand that sponsors the most marathons in China. Xtep will continue to expand the scope of sports business and provides one-stop industrial management integrating products and services. Xtep intends to increase its strategic commitment to sports competitions and will sponsor and organize different sport events in order to greatly enhance its brand value and recognition. Moreover, Xtep plans to provide training and coaching services, including running and football training sessions, as well as provide medical and rehabilitation services. With the rapid expansion and upgrade of the sports industry in China, Xtep believes that expanding its sports business will increase its competitiveness and generate new sources of income.

“Internet +”

With the growing trend of internet-enabled smart products, Xtep plans to forge strategic partnership with internet platforms to build an O2O sales platform to integrate online and offline sales channels. This comprehensive marketing model not only enables a dual marketing strategy, but also the expansion of customer outreach as well as optimization of marketing efficiency. Besides, Xtep will launch a smart product connected to an APP, which can collect health data of users during exercise by a sports group APP to conduct data analysis. It is believed that the partnership with internet platforms can optimize its supply chain and realize quick response to the market.

Mr. Ding Shui Po, Chairman and Chief Executive Officer of Xtep, concluded, "Benefiting from the Chinese Central Government's support in the sports industry and rapid growth of the industry, Xtep has devised a clear development blueprint aimed at capturing the favourable opportunities presented. We believe that functional sports products is the main growth driver of the Group. We will step up our investment in this area complemented by an effective marketing strategy with the aim to develop Xtep as the number one sports brand in China."

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About Xtep International Holdings Limited (Stock code: 1368)

Listed on 3 June 2008 on the Main Board of the Hong Kong Stock Exchange, Xtep is a leading PRC-based fashion sportswear enterprise. It is principally engaged in the design, development, manufacturing, sales and marketing, and brand management of sportswear products, including footwear, apparel and accessories. During the past several years, Xtep has been actively implementing its sports marketing strategy with a focus on running and football. It boasts an extensive distribution network of more than 7,000 stores nationwide covering 31 provinces, autonomous regions and municipalities across the PRC. For more information, please visit Xtep's corporate website: www.xtep.com.hk.

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