



Xtep is Included in SZ-HK Connect

Well-known Chinese Brand to Attract additional investors

2 December 2016, Hong Kong – Leading PRC-based professional sportswear enterprise **Xtep International Holdings Limited** (the “Company”, together with its subsidiaries, the “Group”) (Stock code: 1368) is pleased to announce that Xtep has been selected as an eligible stock under Southbound Trading of Shenzhen-Hong Kong Stock Connect (“SZ-HK Connect”). SZ-HK Connect will officially commence on 5 December, where qualified Mainland Chinese investors can buy Xtep shares from the aforesaid date onwards.

Mr. Ding Shui Po, Chairman and Chief Executive Officer of Xtep, said, “We are excited to be included in SZ-HK Connect. Subsequent to the official launch next Monday, Xtep is looking forward to broadening its shareholder base with more qualified Mainland Chinese investors under SZ-HK Connect. The Group will leverage the opportunity created by Mutual Market Access between Hong Kong and China to enhance the liquidity of its stock and raise brand awareness of Xtep. We will seize the business opportunities that arise from the development of the sports industry to boost our leading position as a professional sports brand, raise value for our shareholders, and lay a solid foundation for the Group’s long-term development.”

Since 2015, the Group has intensified efforts on re-positioning Xtep as a professional sports brand, and becoming the runners’ brand of choice. Xtep has been the sportswear sponsor of the most number of marathons in China since 2015, and has developed a professional, stylish and value-for-money reputation among runners. The Group has also successfully flattened the retail channel in order to enhance retail inventory management and shorten the product cycle. Reported in the 2016 interim results, the Group’s inventory turnover days have been reduced to 55 days and overall working capital days is only 57 days. Moreover, the Group’s e-commerce business has outshined competition. Xtep ranked first as the top selling sports footwear brand on Tmall.com and is the number one sportswear brand on JD.com in terms of volume sold in the first half of 2016, achieving around 100% growth in revenue compared to the corresponding period in 2015. The Group has strong operating cash flow, which totaled RMB353.3 million in the first half of 2016. As Xtep is dedicated to delivering returns to shareholders, the dividend payout ratio has always been more than 50% since the Group’s listing in 2008, and reached 60% in 2014 and 2015.

In the future, Xtep will continue to observe its “3+” strategy – fueling the Group’s organic growth through “Products+”, “Sports+” and “Internet+”.

“Products+” calls for continued focus on professional running technologies in line with international brands. Xtep has established an international design team led by highly experienced designers from Europe and U.S. who formerly worked for global sports brands. The Group has also cooperated with the Dow Chemical Company to develop Softpad™, a world-leading new technology shoe insole exclusively used by Xtep, and is working with leading international fiber material developers, such as the Dow Chemical Company, Toray and 3M, to apply leading materials in its footwear and apparel. Furthermore, XTEP will complete the first dedicated running research laboratory in China by the end of 2016, which features leading research technology and employs expert researchers. The laboratory will test and study the different types of feet and postures of Chinese runners, resulting in the development of the best fitting running shoes for Chinese runners. Starting in Q2 2017, XTEP will launch three core series of running shoes, namely RUN FAST, RUN STRONG and RUN FIT, to serve marathon runners, routine runners and entry-level runners respectively. In apparel, XTEP will apply five core technology platforms of: Xtep-Dry, Xtep-Cool, Xtep-Shield, Xtep-Comfortable and Xtep-Stronger. Finally, the first XTEP professional football product series has been launched since June 2016.

With regards to “Sports+”, Xtep is committed to sustaining a running ecosystem that extends beyond products and sponsorships. XTEP organizes running events such as 3.21 Running Festival (321 跑步節) which presents a multifaceted approach to running, featuring celebrity-lead marathons, online running rewards, shopping discounts and in-store promotions, limited-edition product offerings and training camp. To reach runners even more directly, the Group has created the Xtep Motion Tracker APP. Data collected from the APP allows for the creation of tailor-made products by analyzing the data.

In respect of “Internet+”, the Group will build a new era of seamless multi-channel marketing and sales by harnessing the power of digital technologies for big data gathering, omni-channel sales, O2O community building and specific marketing. The Group introduces smart retail model at 50 stores, using automatic Traffic counter, e-payment, iBeacon, Foot scanner and 3D e-Fitting system to provide more precise services to consumers as well as record their data for analysis, leading to improvements in retail efficiency, product design and target promotions.

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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 professional sports brand providing stylish and functional products. 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, the Group has been actively implementing its sports marketing strategy with a focus on running and football. It boasts an extensive nationwide distribution network in the PRC. The Company is a constituent of Hang Seng Global Composite Index and Hang Seng Composite Index Series. XTEP is selected in the Southbound Trading of Shenzhen-Hong Kong Stock Connect.

For more information, please visit Xtep’s corporate website: www.xtep.com.hk or scan the Group’s Wechat QR code below (or search by : xtepholdings or 特步控股).

For further information, please contact:

Xtep International Holdings Limited
Leah Liu Tel: (852) 2152 0813
Strategic Financial Relations Limited
Joanne Lam Tel: (852) 2864 4816
Janet Fong Tel: (852) 2864 4817
Rachel Wong Tel: (852) 2864 4873

Email: leah.liu@xtep.com.hk

Email: sprg_xtep@sprg.com.hk

