



## **Xtep International Holdings Limited**

*Incorporated in the Cayman Islands with limited liability (SEHK stock code: 1368)*

### **Xtep Shanghai Operation Center Officially in Use, Marking New Milestone in Global Multi-Brand Strategy Saucony Joins as the First Patron, Set to Become a New Engine with Revenue Up in Folds in Three Years**

Hong Kong, 17 May 2023 – Leading PRC-based professional sportswear enterprise **Xtep International Holdings Limited** (the “Company”, together with its subsidiaries, the “Group”) (Stock code: 1368.HK) has achieved a new milestone in its global multi-brand strategy with the official opening of the Shanghai Operation Center. Saucony becomes the first brand under the Group to utilize the space. Xtep started its multi-brand operation in 2019 when the Group set up a joint venture with US-listed Wolverine World Wide, Inc. (NYSE:WWW) to engage in development, marketing and distributing products of Saucony and Merrell, two world-renowned brands, in Mainland China, Hong Kong and Macau. Senior management team of Wolverine visited China for the first time in four years to witness the official opening of the Shanghai Operation Center.

The Xtep Shanghai Operation Center is located in Qibao Ecological Business District, where Xtep acquired a total of 57 commercial units in 2021 in a consideration of approximately RMB400 million, to implement its globalization strategy, enhance its brand awareness and attract more top-notch talents. The move coincided with Xtep’s launch of its “Fifth Five-Year Plan” in the same year, with a target to achieve total revenue of RMB24 billion with its core brand and new brands by 2025.



Brendan Hoffman, President and CEO of Wolverine, and Ding Shui Po, Chairman and CEO of Xtep, at the opening ceremony of the Xtep Shanghai Operation Center cum Saucony Shanghai center

**Mr. Ding Shui Po, Chairman and Chief Executive Officer of Xtep**, said at the opening ceremony, “Priding professional quality and advanced technologies, Saucony has become one of the world’s top four running shoe brands. Our vision with Saucony to stand out and complement each other in terms of consumer base, product prices, and market tiers is becoming a reality. Over the past four years, Saucony’s China team has overcome dire challenges such as the pandemic and achieved brilliant results that exceeded expectations, with impressive store performance and recognition improvement among elite runners, showing strong growth potential in Mainland China. Today is a milestone day for Saucony China, as it marks the establishment of Saucony Shanghai, letting us better reach target consumers, grasp the latest market trends, and provide the better working experience and career development opportunities to employees.”

In fact, the revenue of the professional sports segment of Saucony and Merrell increased from RMB10.1 million in 2019 to RMB400.0 million in 2022, with a 99.0% year-on-year growth in 2022. During the year, the Group expanded Saucony's retail network through Xtep Running Clubs and new store openings in iconic and premium shopping malls in high-tier cities in Mainland China.

The core Xtep brand focuses on third and fourth-tier cities, while Saucony targets the first and second-tier markets. By leveraging their respective channels and event resources, they aim to concentrate on developing running business together. In 2020, Saucony's store in Shanghai Super Brand Mall officially opened, announcing a new upgrade to Saucony's China strategy in terms of location and store layout. Currently, Saucony's store in Super Brand Mall has developed to version 3.0. The store's upgrade from version 2.0 to 3.0 fully reflects the brand's advanced development philosophy, evolving from a professional sports image that emphasizes technology and functionality to a comprehensive sports venue that provides the public with multi-scenario and young design choices and a user-friendlier shopping experience. As of now, Saucony has 84 stores in China, with its store 3.0 positioned as an image store featuring regular-price products and aiming to expand another 25 stores by 2023.



Saucony's store 3.0 at Super Brand Mall in Shanghai

The Saucony brand targets both professional and amateur runners. It has been honored time and again for product design, innovation and functionality-enhancing technologies and takes pride in offering maximum comfort and protection to runners. With increasing brand exposure and products of excellent designs and superior performance, Saucony's running shoes have captured the attention of professional runners in Mainland China. The outstanding wear rate of Saucony shoes at major marathons is proof of the popularity of the brand. Its popularity was evidenced by the outstanding wear rate at various large-scale marathons. It was ranked top three among all brands based on its overall wear rate at the 2022 Shanghai Marathon. In addition, its overall wear rate placed it top three and top four among all international brands in the 2022 Xiamen Marathon and Beijing Marathon, respectively.

The opening of the Shanghai Operation Center marks the Xtep and Saucony starting a new journey. **Mr. Ding Shui Po, Chairman and Chief Executive Officer of Xtep**, concluded, "It has been four years since Wolverine and Xtep started cooperation. Today we can see Saucony deliver impressive results to the market which have boosted the Group's confidence in achieving the targets in its 'Fifth Five-Year Plan'. Saucony's China team will keep up its good work and aim for better performance with higher requirements so as to ensure the brand maintains its leadership in the running market. Meanwhile, I strongly believe that Wolverine will continue to pay close attention to the China market and listen to the needs and wants of Chinese consumers, and as always, provide more quality products that meet the demands of the China market."

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**About Xtep International Holdings Limited**

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 principally engages in the design, development, manufacturing, sales, marketing and brand management of sports products covering footwear, apparel and accessories for adults and children. With a diverse brand portfolio encompassing the core Xtep brand, K-Swiss, Palladium, Saucony and Merrell to strategically target the mass market, athleisure and professional sports segments, the Group has an extensive global distribution network and more than 8,000 stores in Asia-Pacific, North America and EMEA.

Xtep is a constituent of the MSCI China Index and Hang Seng Composite Index Series, and is an eligible stock under the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect. For more information, please visit Xtep's corporate website: [www.xtep.com.hk](http://www.xtep.com.hk) or scan the Group's Wechat QR code below.



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