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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)

OPERATIONAL UPDATE ON BUSINESS IN CHINA AND SALES FAIR RESULTS FOR THE THIRD QUARTER OF 2013

This announcement is made on a voluntary basis by the board of directors (the “Board”) of Xtep International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”).

The Board would like to announce the following operational update on the Group’s business in China:

Faced with the continued challenging landscape in the China sportswear industry, the Group has been adopting a forward planning strategy to proactively manage the high inventory level and retail discounting pressure affecting our distribution channels. The Group has been closely monitoring the retail inventory level of our distributors and franchisees in order to apply timely control measures in response to changing market conditions. On the other hand, the Group continued to encourage them to take a prudent approach in their order placing to control future supplies. Furthermore, with an aim to enhance the overall operational efficiency of our distribution channels, the Group has been optimising its resource allocation by consolidating our distribution network coverage. Apart from strengthening our core running series, the Group will continue to expand our “X-TOP” series, “Xtep Kids” series and enhance our e-commerce distribution channels to cater for the changing consumption pattern and fully capture these emerging market opportunities.

The Group believes such approach will be beneficial for sustaining the healthy and long term development of the Group’s business. Our strategy for 2013 will be putting stringent control to avoid excessive retail inventory and therefore we will be reducing the output supplies to distributors and franchisees. As a result of such prudent controls, the Group’s sales fair order value for the third quarter of 2013 (at wholesale value) declined by approximately 20% when compared to the same quarter in 2012.

The Company’s shareholders and potential investors should note that the above announcement is made based on unaudited operational data of the Group and this data has not been audited or reviewed by the Company’s auditors.

The Company's shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 19 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. Ding Shui Po, Ms. Ding Mei Qing, Mr. Lin Zhang Li, Mr. Ding Ming Zhong, Mr. Ye Qi and Mr. Ho Yui Pok, Eleutherius; the non-executive director of the Company is Mr. Tan Wee Seng and the independent non-executive directors of the Company are Mr. Sin Ka Man, Mr. Xu Peng Xiang, Dr. Gao Xian Feng and Dr. Bao Ming Xiao.