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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 SECOND QUARTER OF 2014

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

As the market landscape remained challenging, the Group has persisted in upholding various initiatives implemented earlier to strengthen its market position and hence, maintained the operational performance and profitability of its distribution channels. As a result of these unrelenting efforts, inventory levels of the retail channel continued to gradually recover back to a healthier position. Meanwhile, the Group maintained its prudent approach in order to improve the operational efficiency of its distribution channels. The Group proactively managed orders placed by distributors and authorized retailers at sales fairs, so as to better control the retail stock level. A flexible ordering policy was also adopted, ensuring adequate replenishment for future orders. As a result, the Group’s sales fair order value (at wholesale value) for the second quarter of 2014, which was held in October 2013, declined by a mid single digit when compared to the same period of 2013. Such decline in sales order has been narrowed down for the third consecutive quarter, representing the strong support and confidence by the Group’s distribution channels.

Meanwhile, through the Group’s real time distribution resource planning system, the Group was able to monitor the sell-through of products. The average same store sales performance (at retail value) for the third quarter of 2013 remained flat when compared to the same period of 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, 8 November 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.