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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)

SALES ORDER RESULTS FOR THE THIRD QUARTER OF 2017
AND
OPERATIONAL UPDATE ON BUSINESS IN CHINA

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

SALES ORDER RESULTS FOR THE THIRD QUARTER OF 2017

Continuing on the success of increased sales of functional sportswear driving up blended average selling price, the Group reported growth again in the order value from the sales order for the third quarter of 2017, which was held in December 2016. The sales order value (at wholesale value) for the third quarter of 2017 achieved a percentage of low-single-digit increase when compared to the same period of 2016.

As mentioned in the previous quarterly update, because of higher supply-chain efficiency, the Group is now able to shorten the production cycle, and react quicker to changes in retail market conditions. Therefore, the expected contribution to the Group’s sales from replenishment orders will increase, orders from sales fairs will be kept at a minimum level by the Group, and there will be less direct correlation between sales fair results and actual reported results at the end of the year.

During the quarter, the Group has launched new products in the three running footwear series of RUN FAST (競速快跑), RUN STRONG (動力暢跑) and RUN FIT (舒適易跑), to fit the needs of marathon runners, routine runners and entry-level runners respectively. We have new running shoes with the new Air Mega (氣能環) 3.0 technology for more flexible range of shock absorbing protection and NITEOPTICS (馭光科技) for improving the safety of outdoor sports at night.

The Group also extended the five core apparel technology platforms of XTEP-DRY, XTEP-SHIELD, XTEP-COMFORT, XTEP-WARM and XTEP-STRONGER to match Autumn weather. Xtep-Windmaster (特步馭風者) was launched in the third quarter of 2017, with advanced material technology minimizing wind impact on the body while running.

OPERATIONAL PERFORMANCE FOR THE FOURTH QUARTER OF 2016

The Group has continuously improved its product mix, leading to increased sales of both functional footwear and apparel, which drove higher overall Average Selling Price. During the fourth quarter of 2016, the average same store sales performance (at retail value) recorded a mid-single-digit growth. The retail discount was around 25%, showing some improvement from the first half of 2016. The inventory level of the Group's retail distribution channels continues to be healthy at approximately 4–5 months.

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, 17 March 2017

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, and Mr. Ho Yui Pok, Eleutherius; and the independent non-executive Directors are Mr. Sin Ka Man, Mr. Tan Wee Seng, Dr. Gao Xian Feng and Dr. Bao Ming Xiao.