

To: Business Editor  
For Immediate Release



## **Xtep Records Mid-single Digit Growth in Sales Order for 2012 Fourth Quarter**

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### ***Improvement in Retail Inventory Level***

[17 May 2012, Hong Kong] **Xtep International Holdings Limited** (“Xtep” or the “Company” and, together with its subsidiaries, the “Group”; Stock code: 1368), a leading fashion sportswear enterprise in the PRC, announced that the Group recorded mid-single digit growth in sales value at its 2012 fourth quarter sales fair held in April 2012 in Xiamen, China.

As Xtep’s brand equity is rising in the mass market due to its unique trendy lifestyle position, the Group recorded mid-single digit growth in sales value at this sales fair. The Group’s running and lifestyle-oriented footwear and apparel were well received by the distributors and franchisees.

During the period, the Group maintained stable and close relationships with its distributors as well as franchisees to keep abreast of retail market updates and adopted a prudent and flexible ordering policy to ensure a sound supply chain operation. The Group will continue to stringently manage its distribution channels, monitor retail sales and inventory and control the expansion of its distribution network to maintain its healthy inventory levels.

Mr. Ding Shui Po, Chairman and Chief Executive Officer of Xtep, said, “The effective, forward-looking and stringent control of inventory ordering has begun to show results. The Group’s inventory depletion cycle has decreased from an average inventory to sales ratio of five to six months last year to about five months currently. Although the retail discount is still relatively higher than the optimal level, we are pleased that retail inventories are under control. The Group experienced flat to low-single digit same-store-sales growth from January to April 2012. We believe this performance is better than some other sportswear brands. The year 2012 marks the 10th anniversary of Xtep and we will continue to launch innovative and effective promotional activities to enhance our brand. Looking ahead, Xtep will continue to focus on our running and lifestyle-oriented series to attract different target customers for the long-term benefits of our shareholders.”

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**About Xtep International Holdings Limited**

Xtep International Holdings Limited has been listed on the main board of the Hong Kong Stock Exchange since 3 June 2008. Xtep is a leading domestic fashion sportswear brand in the PRC. The Group principally engages in the design, development, manufacture, sales and marketing of sports footwear, apparel and accessories. The Group has developed an extensive nationwide distribution network covering 31 provinces, autonomous regions and municipalities across the PRC.

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