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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 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:

The recovery of the global and domestic economy remains uncertain and the China sportswear industry has remained competitive. Against such a challenging backdrop, the Group has, therefore, taken active steps and promoted a forward planning strategy to propel its long term brand development. Despite signs that the retail inventory level has stabilised, the Group continued to adopt a conservative approach in accepting future sales orders from distributors and franchisees. This approach was fully supported by its distributors and franchisees, who have established a decade-long business relationship with the Group.

Moreover, in order to cater for the increasingly complex consumption pattern and to enhance its competencies, the Group has established a well-diversified product portfolio ranging in styles from its trendy lifestyle sports series, high performance running series, urban “X-TOP” series and its “Xtep Kids” series.

The Group held its sales fair for the second quarter of 2013 in October 2012. The order value (at wholesale value) for the Group’s sales fair for the second quarter of 2013 decreased by approximately 15% to 20% year-on-year. Nevertheless, the Group believes that such a short-term adjustment will mitigate the risk of an excessive inventory build-up at retail level and hence, provide a more sustainable operational performance in the long run.

The Company’s shareholders and potential investors should note that the above announcement is made based on the unaudited operational data of the Group. 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, 23 November 2012

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 and Dr. Gao Xian Feng.