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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 FOURTH 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:

Following the implementation of various tight controls on the supply to cope with excess inventory and the launch of Xtep’s 2013 latest trendy and functional sportswear products, the average same store sales performance (at retail value) in the PRC for the first quarter of 2013 remained flat when compared to the same period of 2012. The Group has continued to implement forward planning strategies to reduce inventory at the retail level. In order to maintain the competitiveness of the Group’s distribution channels in terms of operational performance and profitability, the Group has adjusted output supplies to its distributors and franchisees and encouraged them to take a prudent approach in their order placing. Meanwhile, the Group continued to consolidate the distribution network so as to optimize its resource allocation and enhance the overall operational efficiency of its distribution channels. As a result of the aforementioned prudent controls adopted, the Group’s sales fair order value (at wholesale value) for the fourth quarter of 2013 which was held in late April 2013 recorded a decline of approximately 15% to 17% 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, 23 May 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.