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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 FIRST 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**”).

In face of a challenging market landscape, the Group laid out on a series of initiatives to strengthen its market position and maintain the operational performance and profitability of its distribution channels, which are beginning to bear fruit and help bring inventory levels back to a healthy state. While continuing its proactive approach to manage orders that distributors and authorized retailers placed at sales fairs, the Group is adopting a flexible ordering policy, which ensures adequate replenishment for future orders. As a result, the Group’s sales fair order value (at wholesale value) for the first quarter of 2014, which was held in July 2013, declined by high single digit when compared to the same period of 2013. We believe such prudent approach is appropriate to improve the operational efficiency of distribution channel.

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 second 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 information is given based on operational data of the Group, which 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 August 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.