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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 THIRD 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**”).

Though the sportswear retail market in China is showing signs of sequential recovery over the recent months, the Group has continued to implement various initiatives to maintain operational performance and profitability of its distribution channels, while its market position and brand name have been further strengthened. As a result of these proactive efforts, the channel inventory in the Group’s distribution channels has been improved consecutively and maintains at a healthy level. To better control the retail stock level, the Group adopted a flexible ordering policy and consistently managed orders placed by distributors and authorized retailers at the sales fair held in mid December 2013. As a result, the Group’s sales fair order value (at wholesale value) for the third quarter of 2014 declined by a low single digit when compared to the same period of 2013. Such decline in sales orders has been narrowed down for the fourth consecutive quarter. The continuous trends in improvement in sales orders together with the market momentum that favored to the Group further strengthened the competitiveness of the Group’s distribution channels for long term growth.

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 January 2014

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.