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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)

FILING OF THE APPLICATION FOR THE PROPOSED OFFERING AND LISTING OF TAIWAN DEPOSITARY RECEIPTS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 29 November 2010, the Company made an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of TDR, representing 50 million New Shares to be issued by the Company and 50 million existing Shares to be offered by the Vendors, on the Taiwan Stock Exchange. The TDR Issue is also subject to approval by the Taiwan Securities and Futures Bureau, and application for which will be made after the grant of approvals by the Taiwan Stock Exchange and the Taiwan Central Bank. The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.

It is expected that the New Shares will be issued under the General Mandate and therefore no Shareholders' approval is required.

As at the date of this announcement, the Board has not yet finalized whether and when the TDR Issue will be launched. Further announcement will be made by the Company in relation to the TDR Issue as and when appropriate.

The TDR Issue is subject to approvals by the relevant authorities in Taiwan. There is no assurance that such approvals will be granted and the TDR Issue may or may not proceed. Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

THE TDR ISSUE

The Board is pleased to announce that on 29 November 2010, the Company made an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of TDR, representing 50 million New Shares to be issued by the Company and 50 million existing Shares to be offered by the Vendors, on the Taiwan Stock Exchange. The TDR Issue is also subject to approval by the Taiwan Securities and Futures Bureau, and application for which will be made after the grant of approvals by the Taiwan Stock Exchange and the Taiwan Central Bank. The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.

It is currently proposed that the TDR will be offered by way of offer for subscription in Taiwan to the public and selected institutional and individual investors in Taiwan. None of the TDR will be offered to the general public in Hong Kong nor will they be placed to any connected persons of the Group.

Details in respect of the TDR Issue, including the size and structure of the TDR Issue, the number of New Shares to be issued by the Company pursuant to the TDR Issue and the expected timetable, have not yet been finalized as at the date of this announcement. A further announcement will be made by the Company upon finalization of the structure of the TDR Issue.

The preliminary structure of the TDR Issue is proposed as follows:

Type of securities to be issued : TDR, to be issued by the Depositary Bank evidencing the entitlement of the holders of TDR to the Shares that are held in custody by the Custodian Bank.

Number of TDR to be issued : 250 million units of TDR, each unit representing 0.4 Share. The final number of TDR to be issued and offered and the structure of the TDR Issue shall be subject to the approval by the Relevant Authorities and the adjustment (if any) by the Board and the underwriters of the TDR Issue.

Number of Shares to which the TDR Issue relates : 50 million New Shares, which are expected to be allotted and issued by the Company under the General Mandate.

50 million existing Shares to be offered by the Vendors.

The aggregate of the 100 million Shares involved in the TDR Issue represent (i) approximately 4.60% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.49% of the enlarged issued share capital of the Company following the issue of the 50 million New Shares under the TDR Issue.

The 50 million New Shares represent (i) approximately 2.30% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.25% of the enlarged issued share capital of the Company following the issue of the 50 million New Shares under the TDR Issue.

The New Shares will rank pari passu in all respects with the Shares then in issue on the date of issue of the New Shares.

**Basis for determining the issue :
price of the TDR**

The issue price of the TDR will be agreed in writing between the Company and the underwriters for the TDR Issue, and is expected to be determined with reference to the then prevailing market conditions, the trading price of the Shares, industry conditions at the time of the TDR Issue, the performance of the Company and demand from institutional and selected investors during the book building process.

Use of proceeds

: The Board intends to use the net proceeds from the TDR Issue for the business development in Taiwan, brand promotion and expansion of production facilities. The issue price for the TDR Issue and the amount of funds to be raised from the TDR Issue have not been fixed as at the date of this announcement.

Listing applications

: Application has been made to the Taiwan Stock Exchange and the Taiwan Central Bank for the listing of the TDR on the Taiwan Stock Exchange. Application will be made to the Taiwan Securities and Futures Bureau for the TDR Issue after the grant of approvals thereof by the Taiwan Stock Exchange and the Taiwan Central Bank.

An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.

REASONS FOR AND BENEFITS OF THE TDR ISSUE

Having taken into account the strong market competitiveness and public awareness of the Group's brands in the sportswear industry of greater China and south east Asia, the Directors are of the view that strengthening the development of the sales business in Taiwan will positively enhance the brand awareness and business growth of the Group. Therefore, the Directors consider that having additional fund-raising platform for business development in Taiwan is appropriate for the Group's future business growth.

The Directors believe that the TDR is an attractive alternative for international investors, particularly potential investors in Taiwan, to invest and deal in the Shares which will broaden and diversify the shareholder base of the Company. The Directors consider that the TDR will increase public awareness of the Group and will promote the Group's corporate image internationally, which will enhance its competitiveness and be beneficial to the Group's overall development. The TDR will provide an additional fund-raising platform for the Group and provide the Group more diversified funding sources to finance its own operations and future business development. The TDR Issue is therefore in the best interests of the Group and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the TDR Issue based on the assumption that an aggregate of 50 million New Shares will be issued and 50 million existing Shares will be transferred by the Vendors pursuant to the TDR Issue and there shall be no change in the Company's issued share capital prior to the completion of the TDR Issue:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the TDR Issue	
	<i>No. of Shares</i>	<i>Approximate% of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate% of issued share capital of the Company</i>
Group Success Investments Limited (<i>Note 1</i>)	1,310,059,500	60.20	1,310,059,500	58.85
Vendors (<i>Note 2</i>)	209,700,500	9.64	159,700,500	7.17
Other shareholders	73,425,000	3.37	73,425,000	3.30
Mr. Ding Shui Po (<i>Notes 1,3</i>)	3,500,000	0.16	3,500,000	0.16
TDR holders	–	–	100,000,000	4.49
Other public Shareholders	<u>579,315,000</u>	<u>26.63</u>	<u>579,315,000</u>	<u>26.03</u>
Total:	<u>2,176,000,000</u>	<u>100.00</u>	<u>2,226,000,000</u>	<u>100.00</u>

Notes:

1. Group Success Investments Limited is held as to 63.16% by Mr. Ding Shui Po and as to 36.84% by Ms. Ding Mei Qing. Mr. Ding Shui Po and Ms. Ding Mei Qing are executive Directors.
2. Of the 209,700,500 Shares as at the date of this announcement, Carlyle Asia Growth Partners III, L.P. held 200,769,294 Shares and CAGP III Co-investment, L.P. held 8,931,206 Shares. Of the 159,700,500 shares as at immediately after completion of the TDR Issue, Carlyle Asia Growth Partners III, L.P. will hold 152,898,809 Shares and CAGP III Co-investment, L.P. will hold 6,801,691 Shares.
3. Mr. Ding Shui Po, an executive Director, held the 3,500,000 Shares personally.

As at the date of this announcement, save for the 16,975,000 outstanding share options granted under the Pre-IPO Share Option Scheme and the 20,770,000 outstanding share options granted under the Share Option Scheme, the Company has no outstanding convertible securities or options which are convertible into Shares.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting held on 5 May 2010, the Company granted the General Mandate to the Directors to allot and issue up to 434,729,000 Shares, being 20% of the aggregate nominal value of the share capital of the Company in issue as at 29 March 2010. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate granted. It is expected that the New Shares will be issued under the General Mandate and thus no Shareholders' approval is required in respect of the issue of New Shares for the purpose of the TDR Issue.

FUND RAISING IN THE PAST 12 MONTHS

The Company has not carried out any capital fund raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL

As at the date of this announcement, the Board has not yet finalized whether and when the TDR Issue will be launched. There is no assurance that the approval for the TDR Issue and the listing of the TDR on the Taiwan Stock Exchange by the Relevant Authorities and/or the listing of the New Shares on the Hong Kong Stock Exchange will be granted. Further announcement will be made by the Company in relation to the TDR Issue as and when appropriate.

The TDR Issue is subject to approvals by the relevant authorities in Taiwan. There is no assurance that such approvals will be granted and the TDR Issue may or may not proceed. Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Xtep International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Hong Kong Stock Exchange
“Custodian Bank”	Citibank N.A. Hong Kong Branch
“Depository Bank”	Chinatrust Commercial Bank
“Director(s)”	directors of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue Shares pursuant to a resolution of the Shareholders of the Company passed at the annual general meeting of the Company held on 5 May 2010
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“New Shares”	the new Shares proposed to be issued by the Company as underlying securities for the purpose of the TDR Issue
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 7 May 2008
“Relevant Authorities”	the Taiwan Central Bank, the Taiwan Stock Exchange and the Taiwan Securities and Futures Bureau
“Shareholder(s)”	registered holder(s) of issued share(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the authorized share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 7 May 2008
“Taiwan Central Bank”	The Central Bank of the Republic of China

“Taiwan Securities and Futures Bureau”	The Taiwan Financial Supervisory Commission, Securities and Futures Bureau
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“TDR”	the Taiwan depository receipts proposed to be issued by the Depository Bank in Taiwan pursuant to the TDR Issue
“TDR Issue”	the proposed issue of 250 million units of TDR (comprising 50 million New Shares to be allotted and issued by the Company and 50 million existing Shares to be transferred by the Vendors as underlying securities), subject to the approval by the Relevant Authorities and the adjustment (if any) by the Board
“Vendors”	Carlyle Asia Growth Partners III, L.P. and CAGP III Co-investment, L.P., Shareholders of the Company

By Order of the Board of
Xtep International Holdings Limited
Ding Shui Po
Chairman

Hong Kong, 29 November 2010

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 Directors of the Company are Mr. Xiao Feng and 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.