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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Xtep International Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AMENDMENTS TO ARTICLES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Xtep International Holdings Limited to be held at Taishan Room, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:00 a.m. on Monday, 11 May 2009 is set out on pages 12 to 20 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

1 April 2009

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2008 Annual Report”	the annual report of the Company for the financial year ended 31 December 2008 dispatched to the Shareholders together with this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Taishan Room, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:00 a.m. on Monday, 11 May 2009 or any adjournment thereof
“Articles”	the articles of association of the Company adopted on 7 May 2008 and as amended from time to time
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Xtep International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the aggregate nominal value of the Shares which may be allotted and issued under the Issue Mandate may be extended by an addition of an amount representing the aggregate nominal value of Shares repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$ and HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

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## DEFINITIONS

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“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with unissued Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	27 March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice convening the Annual General Meeting as set out on pages 12 to 20 of this circular
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase the Shares on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Ding Shui Po (*Chairman*)  
Ms. Ding Mei Qing  
Mr. Lin Zhang Li  
Mr. Ding Ming Zong  
Mr. Ye Qi

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Xiao Feng

*Principal place of business in*

*Hong Kong:*

Suite 2401-2  
24/F, Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

*Independent non-executive Directors:*

Mr. Sin Ka Man  
Mr. Xu Peng Xiang  
Dr. Gao Xian Feng

1 April 2009

*To the Shareholders,*

Dear Sir/Madam,

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AMENDMENTS TO ARTICLES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate (collectively the “**Mandates**”), the re-election of the relevant Directors, the amendments to the Articles and to seek your approval of the resolutions to these matters at the Annual General Meeting. The corresponding Mandates as resolved by the then shareholders of the Company on 7 May 2008, details of which have been set out in the prospectus of the Company dated 21 May 2008, will expire at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise the powers of the Company to allot, issue and deal with unissued Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting. As at the Latest Practicable Date, a total of 2,173,645,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 434,729,000 Shares.

### REPURCHASE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, the Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

### EXTENSION MANDATE

In addition, an ordinary resolution will also be proposed at the Annual General Meeting to extend the Issue Mandate by an addition of an amount representing the aggregate nominal value of Shares repurchased under the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable laws of Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting.

### RE-ELECTION OF DIRECTORS

According to Article 87 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

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## LETTER FROM THE BOARD

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As such, Mr. Lin Zhang Li, Mr. Ding Ming Zhong and Mr. Ye Qi will retire and, being eligible, offer themselves for re-election at the Annual General Meeting. Particulars of each of them are set out in Appendix II to this circular.

### AMENDMENTS TO ARTICLES

The Stock Exchange has amended the Listing Rules relating to, among other things, voting at general meetings and notice of general meetings. The amendments to the Listing Rules came into effect on 1 January 2009.

Accordingly, the Board proposes to seek the approval of the Shareholders by way of passing a special resolution to be proposed at the Annual General Meeting to amend the Articles to conform with the amendments to the Listing Rules.

The full text of the special resolution containing details of such proposed amendments (special resolution no.11) is set out in the notice of the Annual General Meeting on pages 12 to 20 of this circular.

### THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 12 to 20 of this circular.

The 2008 Annual Report incorporating the audited consolidated financial statements of the Group for the year ended 31 December 2008 and the reports of the Directors and the auditors thereon are dispatched to the Shareholders together with this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### VOTING BY POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Article 66 of the Articles, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or

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## LETTER FROM THE BOARD

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- (ii) by at least three Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (v) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Article 66 of the Articles.

### RECOMMENDATION

The Directors believe that the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of Directors named above and the amendments to the Articles are beneficial to the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that Shareholders vote in favour of all resolutions to be proposed at the Annual General Meeting.

### CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Monday, 4 May 2009 to Monday, 11 May 2009, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the final dividend (if any) and the special dividend (if any) and the right to attend and vote at the Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 30 April 2009.

Yours faithfully,  
For and on behalf of the Board of  
**Xtep International Holdings Limited**  
**DING Shui Po**  
*Chairman*



This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 2,173,645,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 217,364,500 Shares, which represents 10% of the entire issued share capital of the Company as at the date of passing the resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable laws of the Cayman Islands to be held; or
- (iii) revocation or variation by an ordinary resolution of the Shareholders in a general meeting.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

## **4. FUNDING OF REPURCHASES**

In repurchasing the Shares, the Company may only apply funds legally available for the purpose in accordance with the Articles and the Companies Law.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company (as compared with the position disclosed in the 2008 Annual Report). However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements and/or the gearing position of the Company.

## 5. SHARE PRICES

The Shares have been traded on the Stock Exchange since 3 June 2008 and the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the following months immediately preceding the Latest Practicable Date are as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
3 to 30 June 2008	3.92	2.42
July 2008	3.00	2.62
August 2008	2.65	1.76
September 2008	2.32	1.60
October 2008	1.98	0.90
November 2008	1.63	0.99
December 2008	1.80	1.38
January 2009	1.90	1.55
February 2009	1.70	1.55
1 March 2009 to the Latest Practicable Date	2.11	1.62

## 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Directors, the controlling shareholders (as defined in the Listing Rules) of the Company, namely Group Success Investments Limited, Mr. Ding Shui Po, Ms. Ding Mei Qing, Henley Hope Limited and Mr. Ding Jin Chao (the "**Controlling Shareholders**") who together, exercise and/or control the exercise of approximately 68.8% of the voting rights in the general meeting of the Company.

In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the direct and indirect shareholding of the Controlling Shareholders in the Company would increase to approximately 76.4% of the issued share capital of the Company. Such increase will not give rise to an obligation to make a mandatory offer under Rule 26 or Rule 32 of the Takeovers Code.

The Directors will not exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

## 7. SHARE REPURCHASE MADE BY THE COMPANY

The shares of the Company have been listed on the Stock Exchange since 3 June 2008. During the period from 3 June 2008 to the Latest Practicable Date, the Company made the following purchases of its own Shares on the Stock Exchange:

Month of repurchase	Number of Shares repurchased	Purchase consideration per Share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
October 2008	4,000,000	1.02	0.98	3,976,165
November 2008	15,935,000	1.59	0.99	21,368,200
December 2008	6,420,000	1.55	1.38	9,526,705
<b>Total:</b>	<b>26,355,000</b>			<b>34,871,070</b>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 3 June 2008 to the Latest Practicable Date.

## 8. GENERAL

None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their Associates has any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands and the regulations set out in the Articles.

No Connected Person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such Connected Person undertaken not to sell any Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:

**Mr. Lin Zhang Li (林章利)**, aged 37, is an executive Director of the Company and a vice president of the Company. Mr. Lin has over 10 years of experience in the sportswear industry and is primarily responsible for the management of apparel business of the Group. He joined the Group in 1999 and is currently also a vice president of Xtep (China) Co., Ltd. He participated in an entrepreneurship programme offered by 清華大學 (Tsinghua University) in 2006. He is the husband of Ms. Ding Mei Qing, a son-in-law of Mr. Ding Jin Chao (one of the Controlling Shareholders), a brother-in-law of Mr. Ding Shui Po and Mr. Ding Ming Zhong.

Mr. Lin has entered into a service contract with the Company for an initial term of three years commencing from 3 June 2008 and thereafter may be terminated by either party upon a three-month prior written notice. Under the service contract, Mr. Lin's emoluments recorded in 2008 was approximately RMB384,000, including salaries and contribution to pension scheme, with reference to his experience and qualification.

Mr. Lin did not hold any office of directorships in other listed public companies in the last three years other than that of the Company.

As at the Latest Practicable Date, Mr. Lin, the husband of Ms. Ding Mei Qing, was deemed to be interested, within the meaning of Part XV of the SFO, in 1,418,059,500 Shares, representing approximately 65.2% of the issued shares of the Company. Ms. Ding Mei Qing is deemed to be interested in such Shares held by Group Success Investments Limited by virtue of Group Success Investments Limited being controlled by Ms. Ding Mei Qing. Save as aforementioned, Mr. Lin was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

**Mr. Ding Ming Zhong (丁明忠)**, aged 32, is an executive Director of the Company and a vice president of the Company. He has over 10 years of experience in the sportswear industry and is primarily responsible for the management of accessories business of the Group. He joined the Group in 1999 and is currently also a deputy general manager and a vice president of various subsidiaries of the Group. He participated in entrepreneurship programmes offered by 北京大學 (Peking University) and 清華大學 (Tsinghua University) in 2004 and 2006, respectively. He is a son of Mr. Ding Jin Chao, a brother of Mr. Ding Shui Po and Ms. Ding Mei Qing, and a brother-in-law of Mr. Lin Zhang Li.

Mr. Ding has entered into a service contract with the Company for an initial term of three years commencing from 3 June 2008 and thereafter may be terminated by either party upon a three-month prior written notice. Under the service contract, Mr. Ding's emoluments recorded in 2008 was approximately RMB384,000, including salaries and contribution to pension scheme, with reference to his experience and qualification.

Mr. Ding did not hold any office of directorships in other listed public companies in the last three years other than that of the Company.

As at the Latest Practicable Date, Mr. Ding was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

**Mr. Ye Qi (葉齊)**, aged 51, is an executive Director of the Company and a vice president of Xtep (China) Co., Ltd.. Joining the Group in 2004, Mr. Ye has over 16 years of experience in sales and marketing and is primarily responsible for the overall sales and marketing business of the Group. He also assists our chairman with the overall corporate strategies planning and business development of the Group. He graduated from 西南大學 (South West University) with a bachelor's degree in chemical science in 1982. He obtained a master's degree in philosophical science from 華東師範大學 (East China Normal University) in 1988 and a master's degree in business administration from 中歐國際工商學院 (China Europe International Business School) in 2003. Mr. Ye is not related to any Directors, senior management, substantial or Controlling Shareholders of the Company.

Mr. Ye has entered into a service contract with the Company for an initial term of three years commencing from 3 June 2008 and thereafter may be terminated by either party upon a three-month prior written notice. Under the service contract, Mr. Ye's emoluments recorded in 2008 include (i) salaries and contribution to pension scheme of approximately RMB243,000 and (ii) share option benefits amortised of approximately RMB312,000, with reference to his experience and qualification.

Mr. Ye did not hold any office of directorships in other listed public companies in the last three years other than that of the Company.

On 7 May 2008, Mr. Ye had accepted a share option to subscribe for 1,500,000 Shares subject to certain vesting conditions, representing approximately 0.07% of the issued shares of the Company, pursuant to the Company's pre-IPO share option scheme adopted on 7 May 2008. He was interested in these Shares within the meaning of Part XV of the SFO. As at the Latest Practicable Date, Mr. Ye has not exercised the share option. Save as aforementioned, Mr. Ye was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, none of the above retiring Directors have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules and there are no other matters relating to the re-election of the retiring Directors that need to be brought to the attention of the Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of Xtep International Holdings Limited (the “Company”) will be held at Taishan Room, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong at 10:00 a.m. on Monday, 11 May 2009 to consider and, if thought fit, transact the following business:

### **ORDINARY BUSINESS**

1. to receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the auditors of the Company for the year ended 31 December 2008;
2. to declare a final dividend of HK8.0 cents (equivalent to RMB7.1 cents) per share and a special dividend of HK5.0 cents (equivalent to RMB4.4 cents) per share for the year ended 31 December 2008;
3. to re-elect Mr. Lin Zhang Li as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
4. to re-elect Mr. Ding Ming Zhong as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
5. to re-elect Mr. Ye Qi as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
6. to authorise the board of directors of the Company to fix the remuneration of the Company’s directors;
7. to re-appoint Ernst & Young as the Company’s auditors and to authorise the board of directors of the Company to fix their remuneration;

and, as additional ordinary business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification);

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## NOTICE OF THE ANNUAL GENERAL MEETING

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8. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “Share”) of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements or options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options which might require the exercise of the aforesaid powers after the expiry of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options and otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
  - (i) 20 per cent, of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of this resolution; and
  - (ii) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal value of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent, of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of; or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

9. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase (or agree to repurchase) Shares of HK\$0.01 each in the capital of the Company on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent, of the aggregate nominal value of the share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and



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- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (iv) the conclusion of the next annual general meeting of the Company; or
  - (v) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
  - (vi) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
  
- 10. “**THAT** conditional on the passing of resolutions numbered 8 and 9 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 8 above be and is hereby extended by the addition to the aggregate nominal value of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased or agreed to be repurchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 9 above.”

and, as special business, to consider and, if thought fit, pass the following resolution as a special resolution (with or without modification):

- 11. “**THAT** the articles of association of the Company (the “Articles”) be amended in the following manner:
  - (1) **Article 2(1)**
    - (i) by inserting the following definition after the definition of “Board” or “Directors” in Article 2(1):

““business day”

a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.”

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- (ii) by deleting the definition of “ordinary resolution” in Article 2(1) in its entirety and inserting in its place the following in substitution therefor:

““ordinary resolution” a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members being corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.”

- (iii) by deleting the definition of “special resolution” in Article 2(1) in its entirety and inserting in its place the following in substitution therefor:

““special resolution” a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members being corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.

a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.”

(2) **Article 3(3)**

by deleting the word “further” after the words “Except as allowed by the Law and subject” at the beginning of the first sentence of Article 3(3).

(3) **Article 10**

by inserting the word “and” at the end of Article 10(a); by deleting the words “on a poll” after the words “class shall be entitled” in Article 10(b); by deleting the punctuation and word “; and” and inserting a full stop in its place at the end of Article 10(b); and by deleting Article 10(c) in its entirety.

(4) **Article 55 (2)**

by inserting the number “(12)” after the words “the period commencing twelve” in the last sentence of Article 55 (2).

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(5) **Article 59 (1)**

by inserting the words “shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days” after the words “An annual general meeting” at the beginning of the first sentence of Article 59(1); by inserting the words “Notice of” after the words “shall be called by” in the first sentence of Article 59(1); by deleting the punctuation and word “ ’ Notice” after the words “(21) clear days” and inserting in its place the words “and not less than ten (10) clear business days” in substitution therefor in the first sentence of Article 59(1); by inserting the words “Notice of” after the words “may be called by” in the second sentence of Article 59(1); by deleting the punctuation and word “ ’ Notice” after the words “(14) clear days” and inserting in its place the words “and not less than ten (10) clear business days” in substitution therefor in the second sentence of Article 59(1); and by inserting the words “if permitted by the rules of the Designated Stock Exchange” immediately after the word “but” in the second sentence of Article 59(1).

(6) **Article 66**

by deleting the words “on a show of hands every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and” after the words “at any general meeting” in the first sentence of Article 66; by deleting the second sentence of Article 66 in its entirety; by deleting the words “on a show of hands unless voting” after the words “meeting shall be decided” in the third sentence of Article 66; by deleting the words and punctuation “is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:” after the words “by way of a poll” in the third sentence of Article 66; by deleting Article 66 (a), (b), (c) (d) and (e) in its entirety; and by deleting the last sentence of Article 66 in its entirety.

(7) **Article 67**

by deleting Article 67 in its entirety.

(8) **Article 68**

by deleting the words “If a poll is duly demanded the” at the beginning of the first sentence of Article 68 and inserting in its place the word “The” in substitution therefor; and by deleting the words “at which the poll was demanded” after the words “resolution of the meeting” at the end of the first sentence of Article 68.

(9) **Article 69**

by deleting Article 69 in its entirety.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(10) **Article 70**

by deleting Article 70 in its entirety.

(11) **Article 73**

by deleting the punctuation and words “, whether on a show of hands or on a poll” after the words “an equality of votes” in the second sentence of Article 73.

(12) **Article 75**

by deleting the punctuation and words “, whether on a show of hands or on a poll,” after the words “managing their own affairs may vote” in the fourth line of Article 75; and by deleting the words “or poll” after the words “or adjourned meeting” in the last line of Article 75.

(13) **Article 80**

by deleting the words “or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.” after the words “proposes to vote” at the end of the first sentence of Article 80; and by deleting the words “or on a poll demanded at a meeting or an adjourned meeting” after the words “at an adjourned meeting” in the second sentence of Article 80.

(14) **Article 81**

by deleting the words “to demand or join in demanding a poll and” after the words “to confer authority” in the second sentence of Article 81.

(15) **Article 82**

by deleting the punctuation and words “, or the taking of the poll,” after the words “or adjourned meeting” at the end of the first sentence of Article 82.

(16) **Article 84(2)**

by deleting the words “including the right to vote individually on a show of hands” after the words “(or its nominees)” in the last line of Article 84(2).

(17) **Article 145(1)(a)(iv)**

by inserting the words “(as defined below)” after the words “Subscription Rights Reserve” in the tenth line of Article 145(1)(a)(iv).

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(18) **Article 145(1)(b)(iv)**

by inserting the words “(as defined below)” after the words “Subscription Rights Reserve” in the tenth line of Article 145(1)(b)(iv).

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

Hong Kong, 1 April 2009

*As at the date of this notice, the executive directors of the Company are Mr. Ding Shui Po, Ms. Ding Mei Qing, Mr. Lin Zhang Li, Mr. Ding Ming Zhong and Mr. Ye Qi; the non-executive director of the Company is Mr. Xiao Feng and the independent non-executive directors of the Company are Mr. Sin Ka Man, Mr. Xu Peng Xiang and Dr. Gao Xian Feng.*

*Registered office:*

Cricket Square, Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in*

*Hong Kong:*  
Suite 2401-2  
24/F, Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
3. The transfer books and register of members of the Company will be closed from Monday, 4 May 2009 to Monday, 11 May 2009, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the final dividend (if any) and the special dividend (if any) and the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 30 April 2009.
4. In relation to proposed resolutions numbered 8 and 10 above, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of shares under the Listing Rules.

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5. In relation to proposed resolution numbered 9 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to the circular of which this notice of the annual general meeting forms part.
6. In the case of joint holders of a share, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.