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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);

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

(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

- (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.”

- (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).

(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.

(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).

(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.

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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.
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.