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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  
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 Granville Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Wednesday, 5 May 2010 is set out on pages 14 to 18 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 17M/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 2010

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## DEFINITIONS

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

“2009 Annual Report”	the annual report of the Company for the financial year ended 31 December 2009 dispatched to the Shareholders together with this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Granville Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Wednesday, 5 May 2010 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”	29 March 2010, 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
“Macau”	the Macau Special Administrative Region of the PRC
“Notice”	the notice convening the Annual General Meeting as set out on pages 14 to 18 of this circular
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau 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”	Hong Kong Code on Takeovers and Mergers
“%”	percent.

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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 and Chief Executive Officer)*

Ms. Ding Mei Qing

Mr. Lin Zhang Li

Mr. Ding Ming Zhong

Mr. Ye Qi

Mr. Ho Yui Pok, Eleutherius

*Non-executive Directors:*

Mr. Xiao Feng

Mr. Tan Wee Seng

*Independent non-executive Directors:*

Mr. Sin Ka Man

Mr. Xu Peng Xiang

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

1 April 2010

Dear Shareholders,

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS  
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 and to seek your approval of the resolutions to these matters 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, 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 its 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 of the Company in a general meeting.

### THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 14 to 18 of this circular.

The 2009 Annual Report incorporating the audited consolidated financial statements of the Group for the year ended 31 December 2009 and the reports of the Directors and the auditors thereon are dispatched to the Shareholders together with this circular.

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## LETTER FROM THE BOARD

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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 17M/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.

### 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.

As such, Ms. Ding Mei Qing, Mr. Xu Peng Xiang and Dr. Gao Xian Feng will retire, being eligible, offer themselves for re-election at the Annual General Meeting. Particulars of each of them are set out in Appendix II of to this Circular.

Mr. Ho Yui Pok, Eleutherius and Mr. Tan Wee Seng, whose appointment by the Board as an executive director and a non-executive director of the Company, respectively, with effective from 29 March 2010, will be subject to re-election by the Shareholders at the Annual General Meeting. Particulars of each of them are set out in Appendix II to this Circular.

### VOTING BY POLL AT THE ANNUAL GENERAL 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 and the re-election of Directors named above are beneficial to the Company and the Shareholders as a whole.

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

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Thursday, 29 April 2010 to Wednesday, 5 May 2010, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the final dividend and the special dividend 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 Wednesday, 28 April 2010.

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 2009 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 or the gearing position of the Company.

#### 5. SHARE PRICES

The Shares are trading on the Stock Exchange 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>
March 2009	2.23	1.62
April 2009	2.73	2.21
May 2009	3.86	2.60
June 2009	4.10	3.44
July 2009	4.19	3.00
August 2009	4.44	3.70
September 2009	4.32	3.64
October 2009	4.06	3.61
November 2009	4.23	3.57
December 2009	4.49	3.93
January 2010	5.53	4.37
February 2010	5.43	4.63
1 March 2010 to the Latest Practicable Date	6.07	5.10

#### 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), 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% 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 Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months preceding the Latest Practicable Date.

#### **8. GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, 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:*

**Ms. Ding Mei Qing (丁美清)**, aged 37, is our executive Director and a vice president of the Company. Ms. Ding has over 11 years of experience in the sportswear industry and is primarily responsible for the management of footwear operation of the Group. She is also responsible for the design and technology development of the Group and has led our design team to create a number of special collections of footwear under our Xtep brand that successfully appeal to the trendy and youthful mass market segment. Ms. Ding joined the Group in 1999 and is currently also a deputy general manager, a director and a vice president of various subsidiaries of the Group. Ms. Ding participated in an entrepreneurship program offered by Tsinghua University (清華大學) in 2006. She is the daughter of Mr. Ding Jin Chao, the sister of Mr. Ding Shui Po and Mr. Ding Ming Zhong and the wife of Mr. Lin Zhang Li.

Ms. 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, Ms. Ding's emoluments recorded in 2009 was approximately RMB497,000, including salaries and contribution to pension scheme, with reference to her experience and qualification.

Ms. 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, Ms. Ding 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 share capital 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, Ms. 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. Xu Peng Xiang (許鵬翔)**, aged 62, was appointed as our independent non-executive Director on 24 January 2008. Mr. Xu has over 11 years of industry experience in footwear and apparel industries. He has been the Standing Vice Chairman of Quanzhou General Chambers of Commerce (泉州市總商會) since 1997 and is responsible for, among others, footwear and apparel industries. He was the Head of Enterprise Department at the Quanzhou Economy Committee (泉州市經濟委員會) from 1991 to 1996, responsible for enterprise re-structuring, capital re-structuring and state-owned enterprises pre-listing matters. He was also responsible for financial and statistical planning in Quanzhou Economy Committee. Mr. Xu graduated from Fuzhou University.

Mr. Xu has entered into a service contract with the Company for an initial term of two 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. Xu's emoluments recorded in 2009 was approximately RMB180,000, with reference to his experience and qualification.

Mr. Xu 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. Xu was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

**Dr. Gao Xian Feng (高賢峰)**, aged 47, was appointed as our independent non-executive Director on 24 January 2008. Dr. Gao is currently the executive officer of Human Resources Management Research Centre at the Peking University (北京大學人本管理研究中心) and a visiting professor of entrepreneurship programs at Peking University (北京大學), Tsinghua University (清華大學), Party School of the Central Committee of Communist Party of China (中央黨校) and Fudan University (復旦大學). Dr. Gao previously serves as an associate professor at Shandong Economic University (山東經濟學院). He holds a bachelor degree in enterprise management from Shandong Economic University (山東經濟學院) and a doctor of law degree from the Peking University (北京大學).

Dr. Gao has entered into a service contract with the Company for an initial term of two 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, Dr. Gao's emoluments recorded in 2009 was approximately RMB180,000 with reference to his experience and qualification.

Dr. Gao 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, Dr. Gao was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

**Mr. Ho Yui Pok, Eleutherius (何睿博)**, aged 44, was appointed as our executive Director on 29 March 2010. He is also the chief financial officer, investor relations officer, company secretary and authorized representative of the Company. He has over 20 years of experience in finance and accounting and is primarily responsible for the Group's overall financial and accounting affairs and investor relations. Mr. Ho graduated from University of Kent at Canterbury, England with a bachelor's degree in accounting in 1987 and a master's degree in management science in 1989. Prior to joining the Group in 2007, he was a chief financial officer, company secretary and authorized representative of GST Holdings Limited from 2005 to 2007 and a financial controller of EC-Founder (Holdings) Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange, from 2000 to 2005. In addition, he worked for an international accounting firm as a manager from 1994 to 1996. He was an associate member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has entered into a service contract with the Company for an initial term of three years commencing from 29 March 2010 which may be terminated by either party furnishing written notice of not less than three months and in any event subject to rotation, retirement and re-election at annual general meeting pursuant to the articles of association of the Company. Under the service contract, Mr. Ho is entitled to a directors' remuneration of HK\$100,000 per month, plus a year-end discretionary bonus, with reference to his experience and qualification.

Save as disclosed above, Mr. Ho has not held any directorship in other listed public companies in the past three years and does not hold any other position with the Company and other members of the Group.

On 7 May 2008, Mr. Ho accepted 1,000,000 share options to subscribe for 1,000,000 Shares subject to certain vesting conditions, representing approximately 0.05% of the issued share capital of the Company, pursuant to the Company's pre-IPO share option scheme adopted on 7 May 2008. On 29 July 2009, Mr. Ho accepted 1,500,000 share options to subscribe for 1,500,000 Shares subject to certain vesting conditions, representing approximately 0.07% of the issued share capital of the Company, pursuant to the Company's 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 date hereof, Mr. Ho has not exercised these share options. Save as aforementioned, Mr. Ho was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

**Mr. Tan Wee Seng** (陳偉成), aged 54, was appointed as our non-executive Director on 29 March 2010. He is a professional in value and business management consultancy and is a non-executive director of Sa Sa International Holdings Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, an independent director of ReneSola Ltd whose shares are listed on the New York Stock Exchange and on the Alternative Investment Market (AIM) of the London Stock Exchange, an independent director of 7 Days Group Holdings Limited whose shares are listed on the New York Stock Exchange, a board member of Beijing City International School and a director of Landgent Group Company Limited. From 2003 to 2008, he was an executive director, chief financial officer and company secretary of Li Ning Company Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr Tan has over 30 years of financial, operation and business management experience and has also held various senior management positions in a number of multi-national corporations. From 1999 to 2002, he was the senior vice president of Reuters for the China, Mongolia and North Korea regions, and the chief representative of Reuters in China. Prior to that, he had served as the managing director of AFE Computer Services Limited, a Reuters subsidiary in Hong Kong which was a major domestic equity and financial information services company, and as director of Infocast Pty Limited, a Reuters subsidiary in Australia, and as the regional finance manager of Reuters East Asia. Mr. Tan is a fellow member of the Chartered Institute of Management Accountants, United Kingdom, and a fellow member of the Hong Kong Institute of Directors.

Save as disclosed above, Mr. Tan has not held any other directorships in other listed public companies in the past three years and does not hold any other position with the Company and other members of the Group.

Mr. Tan has entered into a service contract with the Company for an initial term of three years commencing from 29 March 2010 which may be terminated by either party furnishing written notice of not less than three months and in any event subject to rotation, retirement and re-election at annual general meeting pursuant to the articles of association of the Company. Under the service contract, Mr. Tan is entitled to a directors' remuneration of HK\$55,000 per month, plus a year-end discretionary bonus, with reference to his experience and qualification.

As at the Latest Practicable Date, Mr. Tan 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 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 above 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 Granville Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Wednesday, 5 May 2010 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 2009;
2. to declare a final dividend of HK10.0 cents (equivalent to RMB8.8 cents) per Share and a special dividend of HK5.0 cents (equivalent to RMB4.4 cents) per Share for the year ended 31 December 2009;
3. to re-elect Ms. Ding Mei Qing as director of the Company and to authorise the board of directors of the Company to fix her remuneration;
4. to re-elect Mr. Xu Peng Xiang as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
5. to re-elect Dr. Gao Xian Feng as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
6. to re-elect Mr. Ho Yui Pok, Eleutherius as an executive director of the Company and to authorise the board of directors of the Company to fix his remuneration;
7. to re-elect Mr. Tan Wee Seng as a non-executive director of the Company and to authorise the board of directors of the Company to fix his remuneration;
8. to authorise the board of directors of the Company to fix the remuneration of the Company’s directors;
9. to re-appoint Ernst & Young as the Company’s auditors and to authorise the board of directors of the Company to fix their remuneration;



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## NOTICE OF THE ANNUAL GENERAL MEETING

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

10. **“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 percent, 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),

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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).”

11. “**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 (each, a “**Share**”) 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;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (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 percent, 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:
    - (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.”
12. “**THAT** conditional on the passing of resolutions numbered 10 and 11 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 10 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 11 above.”

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

Hong Kong, 1 April 2010

*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, Mr. Ye Qi and Mr. Ho Yui Pok, Eleutherius; the non-executive directors are Mr. Xiao Feng and Mr. Tan Wee Seng and the independent non-executive directors are Mr. Sin Ka Man, Mr. Xu Peng Xiang and Dr. Gao Xian Feng.*

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## NOTICE OF THE ANNUAL GENERAL MEETING

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*Registered office:*

Cricket Square, Hutchins Drive  
PO 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 17M/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 Thursday, 29 April 2010 to Wednesday, 5 May 2010, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the final dividend and the special dividend 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 Wednesday, 28 April 2010.
4. In relation to proposed resolutions numbered 10 and 12 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules.
5. In relation to proposed resolution numbered 11 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.