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Stella International Holdings Limited

九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

TERMINATION OF OPTIONS IN RESPECT OF THE JOINT VENTURES WITH BALMAIN ASIA LIMITED

On 9 July 2015, Stella Fashion, a wholly-owned subsidiary of the Company, and Balmain Asia entered into the Supplemental Deed pursuant to which the parties agreed to terminate the put and call Options granted under the Joint Venture Agreements with effect from the date of the Supplemental Deed.

As at the date of the Supplemental Deed, Balmain Asia holds 40% of the issued share capital of PRC Distribution JVC, a subsidiary of the Company. As PRC Distribution JVC is an insignificant subsidiary as defined under Rule 14A.09 of the Listing Rules, Balmain Asia is not a connected person (as defined in the Listing Rules) of the Company by virtue of its shareholding interests in PRC Distribution JVC. Save for its shareholding interests in PRC Distribution JVC as mentioned above and its 60% shareholding interests in Ex-PRC JVC, the remaining 40% issued share capital of which is owned by Stella Fashion, Balmain Asia is independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Termination of Options are less than 5%, the Termination of Options does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement and shareholders' approval requirements for a notifiable transaction under Chapter 14 of the Listing Rules.

This announcement is made by the Company for information purpose.

* For identification purpose only

Reference is made to the announcement of Stella International Holdings Limited (the “**Company**”) dated 31 May 2011 (the “**Announcement**”). Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

TERMINATION OF OPTIONS

Pursuant to the Joint Venture Agreements dated 31 May 2011 entered into between Stella Fashion (a wholly-owned subsidiary of the Company) and Balmain Asia, the following Options were granted:

- (1) Stella Fashion has granted the Ex-PRC JVC Call Option to Balmain Asia, pursuant to which Balmain Asia may require Stella Fashion to sell to Balmain Asia all (but not some) of the Ex-PRC JVC Option Shares during the Option Exercise Period for the Option Consideration and otherwise on the terms of the Ex-PRC JV Agreement;
- (2) Balmain Asia has granted the Ex-PRC JVC Put Option to Stella Fashion, pursuant to which Stella Fashion may require Balmain Asia to purchase from Stella Fashion all (but not some) of the Ex-PRC JVC Option Shares during the Option Exercise Period for the Option Consideration and otherwise on the terms of the Ex-PRC JV Agreement;
- (3) Stella Fashion has granted the PRC Distribution JVC Put Option to Balmain Asia, pursuant which Balmain Asia may require Stella Fashion to purchase from Balmain Asia all (but not some) of the PRC Distribution JVC Option Shares during the Option Exercise Period for the Option Consideration and otherwise on the terms of the PRC Distribution JV Agreement; and
- (4) Balmain Asia has granted the PRC Distribution JVC Call Option to Stella Fashion, pursuant which Stella Fashion may require Balmain Asia to sell to Stella Fashion all (but not some) of the PRC Distribution JVC Option Shares during the Option Exercise Period for the Option Consideration and otherwise on the terms of the PRC Distribution JV Agreement.

Please refer to the Announcement for further details of the Options.

On 9 July 2015, Stella Fashion and Balmain Asia entered into a supplemental deed (the “**Supplemental Deed**”) pursuant to which the parties agreed to terminate the Ex-PRC JVC Call Option and the Ex-PRC JVC Put Option granted under the Ex-PRC JV Agreement and the PRC Distribution JVC Put Option and the PRC Distribution JVC Call Option granted under the PRC Distribution JV Agreement with effect from the date of the Supplemental Deed (the “**Termination of Options**”).

REASONS FOR THE TERMINATION OF OPTIONS

At the time of the grant of the Options, Stella Fashion and Balmain Asia took the view that the Options arrangement would incentivize the parties to maximize the development potential of each of the Ex-PRC JVC and the PRC Distribution JVC. Stella Fashion and Balmain Asia have reviewed the business model of the Joint Venture and consider that the Options are no longer required for the intended purpose, and therefore agreed to terminate the Options.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Supplemental Deed and the transactions contemplated thereunder (including the Termination of Options) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the manufacture and sale of footwear products.

The Balmain Group is the owner of the trademarks “BALMAIN” and “PIERRE BALMAIN” and is principally engaged in the designing, manufacturing, sales and distribution of luxury ready-to-wear, footwear and accessories products under the trademarks “BALMAIN” and “PIERRE BALMAIN” and the marketing and licensing of these trademarks.

Balmain Asia is licensed by the Balmain Group to manufacture the Licensed Products and to distribute, market and sell the Licensed Products.

LISTING RULES IMPLICATIONS

As at the date of the Supplemental Deed, Balmain Asia holds 40% of the issued share capital of PRC Distribution JVC, a subsidiary of the Company. As the total assets, profits and revenue of PRC Distribution JVC as compared to that of the Group are less than 5% under the percentage ratios (as defined in the Listing Rules) for the year ended 31 December 2014, being the latest financial year of the Company, PRC Distribution JVC is therefore an insignificant subsidiary as defined under Rule 14A.09 of the Listing Rules. Accordingly, Balmain Asia is not a connected person (as defined in the Listing Rules) of the Company by virtue of its shareholding interests in PRC Distribution JVC. Save for its shareholding interests in PRC Distribution JVC as mentioned above and its 60% shareholding interests in Ex-PRC JVC, the remaining 40% issued share capital of which is owned by Stella Fashion, Balmain Asia is independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Termination of Options are less than 5%, the Termination of Options does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempted from the reporting, announcement and shareholders' approval requirements for a notifiable transaction under Chapter 14 of the Listing Rules.

This announcement is made by the Company for information purpose.

By order of the Board
Stella International Holdings Limited
Chiang Jeh-Chung, Jack
Chairman

Hong Kong, 9 July 2015

As at the date of this announcement, the executive Directors are Mr. Chiang Jeh-Chung, Jack, Mr. Chao Ming-Cheng, Eric, Mr. Chen Li-Ming, Lawrence and Mr. Chi Lo-Jen and the independent non-executive Directors are Mr. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, BBS and Mr. Yue Chao-Tang, Thomas.