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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)

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF EXCLUSIVE DISTRIBUTION AGREEMENT**

**NEW CAH EXCLUSIVE DISTRIBUTION AGREEMENT**

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the continuing connected transactions under the Prior CAH Exclusive Distribution Agreement. Pursuant to the Prior CAH Exclusive Distribution Agreement, SFC shall supply the Stella Branded Products to the CAH Group and grant CAH (for itself and as trustee for the benefit of the CAH Group) the exclusive right to distribute the Stella Branded Products in the PRC.

Given that the Prior CAH Exclusive Distribution Agreement will expire on 31 December 2022, on 23 December 2022, SFC as supplier and CAH as distributor entered into the New CAH Exclusive Distribution Agreement to renew the exclusive distribution agreement on substantially the same terms for the year ending 31 December 2023. It is expected that the aggregate amount of the consideration which may be collected by SFC from the CAH Group in connection with the supply of the Stella Branded Products under the New CAH Exclusive Distribution Agreement will not exceed RMB200 million for the year ending 31 December 2023.

\* For identification purpose only

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CAH is indirectly controlled as to 60% by Mr. Chiang Chih-Chung, the brother of Mr. Chiang Jeh-Chung, Jack. Mr. Chiang Jeh-Chung, Jack is a former non-executive Director who retired from office with effect from the conclusion of the annual general meeting of the Company held on 12 May 2022. Therefore, under Chapter 14A of the Listing Rules, CAH and its subsidiaries are associates of Mr. Chiang Jeh-Chung, Jack and connected persons of the Company, and the transactions contemplated under the New CAH Exclusive Distribution Agreement between CAH and its subsidiaries and the Group constitute continuing connected transactions.

Since all of the applicable percentage ratios (as defined under rule 14.07 of the Listing Rules) in respect of the continuing connected transactions contemplated under the New CAH Exclusive Distribution Agreement (calculated based on the Annual Cap) exceed 0.1% but are less than 5% and the Annual Cap exceeds HK\$3,000,000, such continuing connected transactions are subject to the announcement, annual review and annual reporting requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **NEW CAH EXCLUSIVE DISTRIBUTION AGREEMENT**

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the continuing connected transactions under the Prior CAH Exclusive Distribution Agreement. Pursuant to the Prior CAH Exclusive Distribution Agreement, SFC shall supply the Stella Branded Products to the CAH Group and grant CAH (for itself and as trustee for the benefit of the CAH Group) the exclusive right to distribute the Stella Branded Products in the PRC.

Given that the Prior CAH Exclusive Distribution Agreement will expire on 31 December 2022, on 23 December 2022, SFC as supplier and CAH as distributor entered into the New CAH Exclusive Distribution Agreement to renew the exclusive distribution agreement on substantially the same terms for the year ending 31 December 2023.

Set forth below are further details of the New CAH Exclusive Distribution Agreement:

### **Date**

23 December 2022

## **Parties**

- (1) SFC, as supplier
- (2) CAH, as distributor

## **Principal terms**

Pursuant to the New CAH Exclusive Distribution Agreement, SFC shall grant CAH (for itself and as trustee for the benefit of the CAH Group) the exclusive right to distribute the Stella Branded Products in the PRC. The CAH Group shall open points of sales, including mono brand stores, shops in shop, outlets, concessionary counters and corners bearing the relevant brand owned by the Group in the PRC, to market the Stella Branded Products in accordance with the principles governing the distribution of luxury and high quality goods and with the prestige of the relevant trademarks, having regard to the market positioning of the relevant brand of the Group. The opening of each mono brand store, shop in shop or corner by the CAH Group is subject to prior evaluation and approval by SFC. In addition, the CAH Group may distribute and market the Stella Branded Products in the PRC to franchisees and/or sub-distributors, and market and sell the Stella Branded Products in the PRC through the internet provided that the destination for delivery of the Stella Branded Products sold shall be within the PRC. The CAH Group shall not practice any kind of active advertising of the Stella Branded Products outside the PRC.

To meet the demand for the Stella Branded Products in the PRC, members of the CAH Group may from time to time serve written purchase order(s) for the purchase of the Stella Branded Products to SFC, which shall lapse unless accepted and confirmed by SFC within six calendar days. The Stella Branded Products supplied, labelled, packaged and delivered by SFC shall be in accordance with the patterns, specifications and quality standards that have been agreed in writing by the CAH Group and SFC upon the terms and conditions of the New CAH Exclusive Distribution Agreement and the relevant purchase order.

The price for any particular Stella Branded Product to be supplied by SFC shall be calculated on the basis of the ex-factory price charged by the Group for the manufacture of such a product and multiplied by a fixed multiplier not exceeding two as specified in the New CAH Exclusive Distribution Agreement. Such a pricing formula, including the fixed multiplier, has been determined and agreed by the parties after arm's length negotiations. In determining the pricing formula and the applicable multiplier, the Group had taken into account the pricing formula and the applicable multipliers adopted by the Group for its dealings with other distributors of the Stella Branded Products that are Independent Third Parties (the "**Independent Distributors**"), so as to ensure that the pricing formula (including the applicable multiplier) so offered by the Group to the CAH Group is fair and reasonable and no less favourable to the Group than that offered to the Independent Distributors.

Under the New CAH Exclusive Distribution Agreement, there is no requirement regarding the minimum amount of purchase by the CAH Group, nor is there any commitment by the Group to supply any minimum volume, of the Stella Branded Products to the CAH Group. The Group is not restricted from supplying the Stella Branded Products to other distributors for sales outside the PRC. Before acceptance of any purchase order under the New CAH Exclusive Distribution Agreement in the future, the Group will also consider a number of factors, including but not limited to the then available production capacity of the Group, the market demand for the Stella Branded Products and the prices then offered by Independent Distributors for the Stella Branded Products. The Directors consider that the above pricing method, together with the above procedures to be taken by the Group, can ensure that the transactions contemplated under the New CAH Exclusive Distribution Agreement will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The New CAH Exclusive Distribution Agreement shall have a term commencing on 1 January 2023 and ending on 31 December 2023, unless terminated by SFC and/or CAH before expiry of its term in accordance with the terms and conditions set forth in the New CAH Exclusive Distribution Agreement.

## **Annual cap**

### ***Historical figures***

The table below sets forth details of the amounts of the previous continuing connected transactions conducted under the Prior CAH Exclusive Distribution Agreement:

<b>Period</b>	<b>Annual cap</b> <i>RMB</i>	<b>Actual transaction amount</b> <i>RMB</i>
Year ended 31 December 2020	250,000,000	84,167,000
Year ended 31 December 2021	280,000,000	80,419,000
Year ending 31 December 2022	330,000,000	48,729,000 (up to 31 October 2022)

The Directors expect that during the period from 1 January 2022 and up to the date of this announcement, the aggregate amount of consideration collected by SFC from the CAH Group in connection with the supply of the Stella Branded Products under the Prior CAH Exclusive Distribution Agreement has not exceeded the annual cap for the year ending 31 December 2022 of RMB200,000,000.

### ***Annual Cap for the year ending 31 December 2023***

The Directors expect that the aggregate amount of the consideration which may be collected by SFC from the CAH Group in connection with the supply of the Stella Branded Products under the New CAH Exclusive Distribution Agreement will not exceed RMB200 million for the year ending 31 December 2023.

The Annual Cap has been determined on the basis of (i) the historical transaction amounts under the Prior CAH Exclusive Distribution Agreement and the sales trend shown during the term thereof; (ii) the respective scope of the Stella Branded Products that SFC may supply to the CAH Group under the Prior CAH Exclusive Distribution Agreement and the New CAH Exclusive Distribution Agreement; (iii) the expected sales volume of the Stella Branded Products in the PRC retail market for the coming year based on the expected market demand, which takes into account the prevailing sentiment in the consumer market in the PRC and predictions of future developments in the short term; and (iv) the historical ex-factory price charged by the Group for the manufacture of Stella Branded Products.

### **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The CAH Group are part of the Max Group, which is principally engaged in design, development and manufacture of premium quality designer ladies footwear and operation of online retail stores in the PRC. The Max Group had been providing daily management and monitoring services for the Group's retail business in the PRC prior to disposal of the retail business by the Group in July 2017, including daily operation and management of retail stores, points of sales and distribution channels, and marketing strategies of the Group's own labels and licensed brands. Following restructuring of the CAH Group and disposal of 60% of the issued share capital of CAH which effectively led to the transfer of the Group's retail business in the PRC to the Max Group, SFC entered into an exclusive distribution agreement with CAH and appointed the CAH Group as the exclusive distributor of the Stella Branded Products in the PRC retail market. The conclusion of the exclusive distribution agreement had ensured uninterrupted supply of the Stella Branded Products in the PRC retail market and allowed the Group to capitalise on the commitment and the local market experience and expertise of the Max Group as a leading footwear retail operator in the PRC. The exclusive distribution arrangements had been renewed through the entering into of the Prior CAH Exclusive Distribution Agreement in 2019.

The term of the Prior CAH Exclusive Distribution Agreement will come to the end on 31 December 2022. The Group and the Max Group are both minded to build on their amicable business relationship and mutual understating and trust gained through the long-standing business dealings and further their business collaboration under a new agreement. Taking into account the historical and forecast transaction amounts with the CAH Group and the competence the CAH Group has demonstrated as a distributor of Stella Branded Products in the PRC retail market, the Directors consider that it is in the interests of the Group to extend the exclusive distribution rights of the Stella Branded Products in the PRC retail market granted to the CAH Group, so as to avoid any unnecessary change or disruption to the existing efficient distribution channel and guarantee the continual stable supply of the Stella Branded Products in the PRC retail market, pending possible revisions to the Group's sales and distribution strategies. The above sets the scene for the entering into of the New CAH Exclusive Distribution Agreement for carrying on the transactions for a further term of one year.

The terms and conditions of the New CAH Exclusive Distribution Agreement were negotiated between the parties thereto on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms of the New CAH Exclusive Distribution Agreement are fair and reasonable and in the interests of the Shareholders as a whole, and the continuing connected transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

None of the Directors is, or has any associate who is, materially interested in the New CAH Exclusive Distribution Agreement and the continuing connected transactions contemplated thereunder. Accordingly, no Director is required to abstain from voting on the resolutions approving the New CAH Exclusive Distribution Agreement and the continuing connected transactions contemplated thereunder at the relevant Board meeting in accordance with the Articles of Association of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CAH is indirectly controlled as to 60% by Mr. Chiang Chih-Chung, the brother of Mr. Chiang Jeh-Chung, Jack. Mr. Chiang Jeh-Chung, Jack is a former non-executive Director who retired from office with effect from the conclusion of the annual general meeting of the Company held on 12 May 2022. Therefore, under Chapter 14A of the Listing Rules, CAH and its subsidiaries are associates of Mr. Chiang Jeh-Chung, Jack and connected persons of the Company, and the transactions contemplated under the New CAH Exclusive Distribution Agreement between CAH and its subsidiaries and the Group constitute continuing connected transactions.

Since all of the applicable percentage ratios (as defined under rule 14.07 of the Listing Rules) in respect of the continuing connected transactions contemplated under the New CAH Exclusive Distribution Agreement (calculated based on the Annual Cap) exceed 0.1% but are less than 5% and the Annual Cap exceeds HK\$3,000,000, such continuing connected transactions are subject to the announcement, annual review and annual reporting requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company is an investment holding company. The Group is principally engaged in the sale and manufacture of footwear and handbags.

CAH is an investment holding company. The CAH Group is principally engaged in the retail sale of footwear products in the PRC.

## **DEFINITIONS**

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

“Annual Cap”	the maximum annual aggregate amount of consideration which may be collected by SFC from the CAH Group in connection with the supply of the Stella Branded Products under the New CAH Exclusive Distribution Agreement, being RMB200 million for the year ending 31 December 2023
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAH”	Couture Accessories Holding Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly controlled as to 60% by Mr. Chiang Chih-Chung
“CAH Group”	collectively, CAH and its subsidiaries from time to time, which is part of the Max Group



“Company”	Stella International Holdings Limited, a company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) which is(are) not connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Group”	collectively, Max Group Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, and its subsidiaries from time to time, including but not limited to the CAH Group
“New CAH Exclusive Distribution Agreement”	the exclusive distribution agreement entered into between SFC as supplier and CAH as distributor on 23 December 2022 in relation to the supply of the Stella Branded Products by SFC to the CAH Group and the grant of the exclusive right to distribute the Stella Branded Products in the PRC by SFC to CAH (for itself and as trustee for the benefit of the CAH Group) for the term commencing on 1 January 2023 and ending on 31 December 2023



“Prior CAH Exclusive Distribution Agreement”	the exclusive distribution agreement entered into between SFC as supplier and CAH as distributor on 20 December 2019 in relation to the supply of the Stella Branded Products by SFC to the CAH Group and the grant of the exclusive right to distribute the Stella Branded Products in the PRC by SFC to CAH (for itself and as trustee for the benefit of the CAH Group) for the term commencing on 1 January 2020 and ending on 31 December 2022
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Stella Fashion (China) Limited* (興記時尚(中國)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stella Branded Products”	the footwear products, leather goods and accessories bearing any of the “Stella Luna”, “What For” (applicable for the Prior CAH Exclusive Distribution Agreement only) and “S by Stella” (applicable for the Prior CAH Exclusive Distribution Agreement only) trademarks and trademarks under application and all other related, ancillary and associated marks, and the trade names, logos, symbols and other distinctive signs bearing and/or including all (but not part) of the words “Stella Luna”, “What For” (applicable for the Prior CAH Exclusive Distribution Agreement only) or “S by Stella” (applicable for the Prior CAH Exclusive Distribution Agreement only), which SFC is from time to time licensed by the Group (as the brand owner) to use in connection with such footwear products, leather goods and accessories or the marketing and sale of the same in the PRC, that SFC may supply to the CAH Group under the New CAH Exclusive Distribution Agreement and the Prior CAH Exclusive Distribution Agreement

\* *for identification purpose only*

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By order of the Board  
**Stella International Holdings Limited**  
**Chen Li-Ming, Lawrence**  
*Chairman*

Hong Kong, 23 December 2022

*As at the date of this announcement, the executive Directors are Mr. Chen Li-Ming, Lawrence, Mr. Chi Lo-Jen, Mr. Gillman Charles Christopher and Mr. Chiang Yi-Min, Harvey; and the independent non-executive Directors are Mr. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, BBS, Mr. Yue Chao-Tang, Thomas and Ms. Shi Nan Sun.*