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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)

CONNECTED TRANSACTION

**GRANT OF CALL OPTION FOR ACQUISITION OF
60% INTERESTS IN THE GROUP'S PRC RETAIL BUSINESS**

**ACCEPTANCE OF WARRANT AND
PUT OPTION IN MAX GROUP**

The Board wishes to announce that on 18 October 2016, the Group entered into the Investment Agreement with Max Group and the Covenantors in connection with the grants of the Stella Call Option, the Max Warrant and the Max Put Option, details of which are set forth in this announcement.

Under the Investment Agreement, the Restructuring of the Group's PRC retail business shall take place pursuant to which Stella Fashion shall procure, among others, that all of the Group's PRC retail business shall be injected into the SPV within six months from the date of the Investment Agreement. Stella Fashion has granted to Max Group the Stella Call Option, pursuant to which Max Group (or its designated nominee) may acquire from Stella Fashion all (but not part of) 60% of the issued share capital of the SPV at any time during the Stella Call Option Exercise Period at the Stella Call Option Consideration.

* For identification purpose only

Under the Investment Agreement, Max Group has granted to Stella Fashion the Max Warrant, pursuant to which Stella Fashion (or its designated nominee) may subscribe for up to 20% of the enlarged issued share capital of Max Group at any time during the Max Warrant Exercise Period at the Max Warrant Subscription Price subject to satisfaction of certain conditions precedent. On the other hand, Max Group has granted Stella Fashion the Max Put Option pursuant to which, if the listing of the shares of Max Group or the Max Listco fails to take place within three years after completion of the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant, Stella Fashion may require Max Group to repurchase (failing which the Covenantors shall purchase) all (but not part of) of the Max Put Option Shares at the Max Put Option Consideration.

Given that Max Group is indirectly owned as to approximately 64.75% by Mr. Chiang Chih-Chung, who is the brother of Mr. Chiang Jeh-Chung, Jack, an executive Director and chairman of the Board, each of Max Group and Mr. Chiang Chih-Chung is a connected person of the Company, and the transactions contemplated under the Investment Agreement constitute connected transactions of the Company.

As the Group does not have discretion in the exercise the Stella Call Option, the grant of the Stella Call Option by the Group is classified as if it is exercised. As all percentage ratios (other than the profits ratio) in respect of the exercise of the Stella Call Option are less than 5%, the grant of the Stella Call Option by the Group under the Investment Agreement and the transactions contemplated thereby are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Group has discretion in the exercise of the Max Warrant and the Max Put Option, and given that no premium or other consideration is payable by the Group in acquiring the Max Warrant and the Max Put Option, the acceptance by the Group of the Max Warrant and the Max Put Option under the Investment Agreement and the transactions contemplated thereby are fully exempt from the notification, publication and/or shareholders' approval requirements under Chapter 14 of the Listing Rules, and the shareholders' approval, annual review and/or the disclosure requirements under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules as and when the Group transfers, exercises (or decides not to exercise) and/or terminate the Max Warrant and the Max Put Option.

On 18 October 2016, the Group entered into the Investment Agreement with Max Group, Mr. Chiang Chih-Chung and Mr. Li Wei. Details of the Investment Agreement are set forth as follows:

DATE OF THE INVESTMENT AGREEMENT

18 October 2016

PARTIES TO THE INVESTMENT AGREEMENT

- (i) Max Group;
- (ii) Stella Fashion, a wholly-owned subsidiary of the Company; and
- (iii) Mr. Chiang Chih-Chung and Mr. Li Wei.

Max Group is indirectly owned as to approximately 64.75% by Mr. Chiang Chih-Chung, who is the brother of Mr. Chiang Jeh-Chung, Jack, an executive Director and chairman of the Board. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Li Wei is the chief executive officer of Max Group, a third party independent of the Company and its connected persons.

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT

(a) Restructuring

Under the Investment Agreement, the Restructuring of the Group's PRC retail business shall take place pursuant to which Stella Fashion shall procure that, within six months from the date of the Investment Agreement, (1) all of the Group's existing retail business in the PRC shall be injected into the SPV and/or its Hong Kong wholly owned subsidiary in the manner as set out below; and (2) all amounts owed by members of the SPV Group to the Group (other than the SPV Group) shall be repaid in full.

Upon completion of the Restructuring, the SPV Group shall comprise of, among others, the following:

- (i) the entire equity interest in 興記時尚貿易(上海)有限公司 (Stella Fashion Inc.), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company. Stella Fashion Inc. is principally engaged in the retail sales of the footwear products under the Group's self-developed and licensed brands in the PRC;

- (ii) the entire issued share capital in Couture Accessories Distribution Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company. Couture Accessories Distribution Limited and its wholly-owned subsidiary in the PRC are principally engaged in the retail sales of footwear products under the licensed brand, Pierre Balmain, the PRC; and
- (iii) certain business assets of 興記時尚貿易(中國)有限公司 (Stella Fashion (China) Limited) comprising its existing retail business in the PRC. Stella Fashion (China) Limited is a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company. It is principally engaged in the retail sales of the footwear products under the Group's self-developed and licensed brands in the PRC.

The aggregate audited consolidated net assets of Stella Fashion Inc. and Couture Accessories Distribution Limited, and the unaudited net book value of the business assets of Stella Fashion (China) Limited to be injected into the SPV Group amounted to about RMB170.4 million (equivalent to approximately US\$26.2 million) as at 31 December 2015. The aggregate unaudited consolidated net assets of Stella Fashion Inc. and Couture Accessories Distribution Limited, and the unaudited net book value of the business assets of Stella Fashion (China) Limited to be injected into the SPV Group amounted to about RMB167.7 million (equivalent to approximately US\$25.3 million) as at 30 June 2016.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2015, the aggregate audited consolidated net loss before and after taxation of Stella Fashion Inc. and Couture Accessories Distribution Limited and the PRC retail business attributable to Stella Fashion (China) Limited to be injected into the SPV Group for the year ended 31 December 2014 amounted to about RMB4.8 million (equivalent to approximately US\$0.8 million) and RMB13.3 million (equivalent to approximately US\$2.2 million) respectively, while that for the year ended 31 December 2015 amounted to about RMB62.5 million (equivalent to approximately US\$10.0 million) and RMB66.8 million (equivalent to approximately US\$10.6 million) respectively.

(b) Stella Call Option

Option granted

Under the Investment Agreement, Stella Fashion has granted to Max Group the Stella Call Option, pursuant to which Max Group (or its designated nominee) may acquire from Stella Fashion all (but not part of) 60% of the issued share capital of the SPV at any time during the Stella Call Option Exercise Period at the Stella Call Option Consideration on and subject to the terms of the Investment Agreement. Please refer to the sub-paragraph (a) above for further information about the SPV Group.

Exercise period

The Stella Call Option may only be exercised once by Max Group during the Stella Call Option Exercise Period by giving Stella Fashion the relevant exercise notice. The Stella Call Option shall lapse upon expiry of the Stella Call Option Exercise Period.

Consideration

The Stella Call Option Consideration shall be payable by Max Group (or its designated nominee) in cash upon completion of the transfer of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option. The Stella Call Option Consideration has been determined after arm's length negotiations among the parties and shall be the lowest of the following:

- (i) 60% of the consolidated net asset value of the SPV as shown on its unaudited consolidated financial statement for the immediate second preceding calendar month (if the exercise notice is served by Max Group on or before the 15th day of a calendar month) or that of the immediate preceding calendar month (if the exercise notice is served by Max Group after the 15th day of a calendar month); or
- (ii) US\$50,000,000.

No premium or other consideration is payable by Max Group to the Group for the grant of the Stella Call Option.

Completion of the Stella Call Option

Completion of the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option shall take place on the 30th day after the issue of the relevant exercise notice. Immediately upon completion of the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option, the entire issued share capital of the SPV will be owned as to 60% by Max Group (or its designated nominee) and 40% by Stella Fashion.

Upon completion of the subscription of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option, other than the brands owned by Stella Fashion, Max Group may introduce its or its affiliates' brands in the operation of the management and sales platform of the SPV. The management of the SPV shall be managed by Max Group or other parties as nominated by Max Group.

(c) Max Warrant

Warrant accepted

Under the Investment Agreement, Max Group has granted to Stella Fashion the Max Warrant, pursuant to which Stella Fashion (or its designated nominee) may subscribe for up to 20% of the enlarged issued share capital of Max Group at any time during the Max Warrant Exercise Period at the Max Warrant Subscription Price on and subject to the terms of the Investment Agreement.

Consideration and exercise period

The Max Warrant may only be exercised by Stella Fashion once by giving Max Group the relevant exercise notice at any time during the Max Warrant Exercise Period as set out below, and at the Max Warrant Subscription Price payable by Stella Fashion (or its designated nominee) to Max Group in cash as determined by the formula below:

$$SP = V \times [SS\% / (1 - SS\%)]$$

Where:

SP means the Max Warrant Subscription Price, in RMB, payable by Stella Fashion (or its designated nominee) upon completion of the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant

V means the applicable basis of the Max Warrant Subscription Price as set out below (and, if needed, the RMB equivalent of the US\$ amount to be determined based on the mid-price of the telegraphic transfer exchange rate for exchange of US\$ into RMB (offshore) as offered by Bank of China (Hong Kong) Limited at 4:00 p.m. on the business day immediately prior to the completion date):

Max Warrant Exercise Period

Basis of the Max Warrant Subscription Price

Within 180 days of the date of audited financial statement of Max Group for the year ending 28 February 2019

Six times of the audited net profit after tax of Max Group for the year ending 28 February 2019

Within 180 days of the date of audited financial statement of Max Group for the year ending 29 February 2020

Six times of the audited net profit after tax of Max Group for the year ending 29 February 2020

Within 180 days of the date of audited financial statement of Max Group for the year ending 28 February 2021

Six times of the audited net profit after tax of Max Group for the year ending 28 February 2021

SS% means the percentage of the Max Warrant Shares to the enlarged issued share capital of Max Group to be subscribed for pursuant of the exercise of the Max Warrant

The parties further agree that if the shares of any member of the SPV Group is listed on any stock exchange before the exercise of the Max Warrant by Stella Fashion, the above basis of the Max Warrant Subscription Price shall cease to be applicable, and Max Group and Stella Fashion will re-negotiate on the basis for determining the Max Warrant Subscription Price.

The Max Warrant Subscription Price has been determined after arm's length negotiations among the parties. No premium or other consideration is payable by the Group to Max Group for the grant of the Max Warrant.

Conditions precedent

Completion of the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant shall be conditional upon the satisfaction or waiver of the following conditions precedent:

- (i) completion of the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option;

- (ii) Stella Fashion having completed the due diligence review on Max Group and its subsidiaries and having satisfied with its results; and
- (iii) (if necessary) passing of the requisite shareholders' resolutions of the Company for approving the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules.

Stella Fashion shall have the right to waive the condition precedent as set out in subparagraph (ii) above. The Max Warrant shall lapse (a) if the conditions precedent are not satisfied or (as the case may be) waived within the Max Warrant Exercise Period, (b) upon the lapse of the Stella Call Option in accordance with the terms of the Investment Agreement or (c) upon the listing of shares of Max Group or the Max Listco on any stock exchange.

Further undertakings

Max Group and the Covenantors jointly and severally undertake that if the Max Listco (rather than Max Group) intends to apply for listing of its shares on any stock exchange during the Max Put Exercise Period, Max Group and the Covenantors shall promptly procure that all (but not part of) of the Max Warrant Shares held by Stella Fashion (or its designated nominee) shall be exchanged to shares of the Max Listco at no additional consideration and without imposing any further obligations or more stringent conditions on Stella Fashion (or its designated nominee). The percentage of the Max Listco to be exchanged for and held by Stella Fashion (or its designated nominee) shall be no less than the percentage of the Max Warrant Shares to the then issued share capital of Max Group immediately prior to such share exchange, and such shares shall rank pari passu with other shares of the Max Listco in issue on the date of such share exchange.

Completion of the Max Warrant

Completion of the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant shall take place on the fifth Business Day after satisfaction (or waiver) of all of the above conditions precedent.

(d) Max Put Option

Option accepted and exercise period

Under the Investment Agreement, Max Group has granted Stella Fashion the Max Put Option pursuant to which, if the listing of the shares of Max Group or the Max Listco fails to take place within three years after the completion of the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant, Stella Fashion may require Max Group to repurchase (failing which the Covenantors shall purchase) all (but not part of) of the Max Put Option Shares at the Max Put Option Consideration on and subject to the terms of the Investment Agreement.

Consideration

The Max Put Option Consideration shall be payable by Max Group (or, as the case may be, the Covenantors) in cash upon completion of the transfer of the Max Put Option Shares pursuant to the exercise of the Max Put Option. The Max Put Option Consideration has been determined after arm's length negotiations among the parties and shall be the aggregate of (i) the Max Warrant Subscription Price paid to Max Group; (ii) an interest accrued on the Max Warrant Subscription Price at the interest rate of 3% per annum, less (iii) any dividends paid by Max Group, or (as the case maybe) the Max Listco to Stella Fashion (or its designated nominee) since the date of completion of exercise of the Max Warrant, provided that if the dividends so paid exceeds the amount of interest as referred to in (ii) above, the Max Put Option Consideration would be the amount of the Max Warrant Subscription Price.

Exercise period

The Max Put Option may only be exercised once by Stella Fashion during the Max Put Option Exercise Period by giving Max Group the relevant exercise notice. In the event that Stella Fashion exercises the Max Warrant after the listing of the shares of any member of the SPV Group, the Max Put Option shall lapse upon completion of the exercise of the Max Warrant. The Max Put Option shall also lapse (a) if the relevant condition precedent is not satisfied within the Max Put Option Exercise Period, (b) upon the lapse of the Stella Call Option or the Max Warrant in accordance with the terms of the Investment Agreement or (c) the listing of shares of Max Group or the Max Listco on any stock exchange.

Condition precedent

Completion of the repurchase or purchase of the Max Put Option Shares pursuant to the exercise of the Max Put Option shall be conditional upon (if necessary) the passing of the requisite shareholders' resolutions of the Company for approving the sales of the Max Put Option Shares pursuant to the exercise of the Max Put Option and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules. The above condition precedent may not be waived by any party.

Completion of the Max Put Option

Completion of the repurchase or (as the case may be) purchase of the Max Put Option Shares pursuant to the exercise of the Max Put Option shall take place on the 30th Day after satisfaction of the above condition precedent.

(e) Shareholders' Agreement

Upon completion of the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option, the parties shall enter into the Shareholders' Agreement in order to facilitate the future business and operations to be carried out by the SPV Group.

(i) Business and operation of the SPV Group

The SPV Group is principally engaged in the retail business of footwear, apparels and bags in the PRC.

(ii) Management of the SPV Group

The boards of directors of the SPV and its subsidiaries from time to time shall each consist of not more than five directors, of whom three shall be nominated by Max Group and two shall be nominated by Stella Fashion.

The day to day running and management of the business of the SPV and its subsidiaries from time to time shall be managed and administered by a management committee, subject to the supervision of the board of directors of the SPV.

(iii) Dividend policy of the SPV Group

The parties have agreed that, not less than 50% of the consolidated profit after tax of the SPV Group, after taking into consideration of the financial condition, business development and estimated working capital of the SPV Group, is to be paid to the shareholders of SPV with respect to their individual shareholdings in SPV, so far as permitted under the relevant applicable laws.

EXPECTED FINANCIAL IMPACT OF THE STELLA CALL OPTION AND THE EXERCISE THEREOF

Following completion of the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option, members of the SPV Group will cease to be subsidiaries of the Company since the Group will no longer exercise control over the SPV Group, and their financial results will cease to be consolidated into the financial statements of the Company.

According to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the granting of the Stella Call Option will result in a derivative financial liability, and the derivative is initially recognised at fair value at the date when such derivative contract is entered into and is subsequently re-measured to its fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately. Upon exercise of the Stella Call Option and the SPV Group ceasing to be subsidiaries of the Company, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the SPV Group (including such option financial derivative liability). The fair value of the investment retained (i.e. 40% of the equity interests) in the SPV Group at the date when control is lost is regarded as the fair value on initial recognition, the cost on initial recognition of an investment in an associate.

Accordingly, it is expected that the grant of Stella Call Option will result in recognition of derivative financial liability of RMB37,000 (equivalent to approximately US\$6,000) and such amount will be recognised in the profit or loss as a loss, based on a pro forma valuation performed by an independent professional valuer.

Assuming the Stella Call Option were exercised and the disposal of the SPV Group were completed on 30 June 2016, based on the unaudited consolidated net assets of Stella Fashion Inc. and Couture Accessories Distribution Limited, and the unaudited net book value of the business assets and liabilities of Stella Fashion (China) Limited to be injected into the SPV Group as at 30 June 2016 of about RMB167.7 million (equivalent to approximately US\$25.3 million), it is expected that the exercise of the Stella Call Option will result in a gain on disposal of subsidiaries of RMB7.8 million (equivalent to approximately US\$1.6 million) by reference to a pro forma valuation performed by an independent professional valuer. The carrying value and fair value of the then assets and liabilities of the SPV Group as at completion of the Stella Call Option will be determined as of the date of completion of Stella Call Option and may differ materially from the amounts disclosed above.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

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

Max Group is principally engaged in design, development and manufacture of premium quality designer ladies footwear. It also operates online retail stores in the PRC for brand names including Ash. Its wholly-owned subsidiary in the PRC has been appointed by the Group as the management company for the daily management and monitoring of the retail business of Stella Fashion Inc. in the PRC, including the daily operations and management of retail stores and points of sales and distribution channels, and marketing strategies of the Group's own labels and licensed brands, since July 2015.

The Group has launched its retail business since 2006 in view of diversifying its business and tapping growing demand for affordable luxury footwear in the PRC and across the region. Through the Group's persistent efforts in building its self-grown brands, they have now become truly premium global brands which are accessible by consumers throughout Europe, Southeast Asia, the Middle East, and in particular, the PRC where the brands have attracted a strong following among the upwardly mobile consumers. In line with the Group's strategy, the Directors are of the view that focus should be put on growing the Group's core competencies such as craftsmanship, innovation, branding and marketing, leaving the operation of retail business to retail operators with local market experience and expertise. The Directors consider that granting of the Stella Call Option to Max Group serves as an incentive for Max Group for its commitment in the promotion and continuing development of the Group's retail business in the PRC, and will help the Group in further improving its retail business in the PRC. The Group shall continue increasing the global visibility of the brands to other parts of the world in order to increase its brand equity in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Investment Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Given that Max Group is indirectly owned as to approximately 64.75% by Mr. Chiang Chih-Chung, who is the brother of Mr. Chiang Jeh-Chung, Jack, an executive Director and chairman of the Board, each of Max Group and Mr. Chiang Chih-Chung is a connected person of the Company, and the transactions contemplated under the Investment Agreement constitute connected transactions of the Company.

As the Group does not have discretion in the exercise the Stella Call Option, the grant of the Stella Call Option by the Group is classified as if it is exercised. As all percentage ratios (other than the profits ratio) in respect of the exercise of the Stella Call Option are less than 5%, the grant of the Stella Call Option by the Group under the Investment Agreement and the transactions contemplated thereby are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Group has discretion in the exercise of the Max Warrant and the Max Put Option, and given that no premium or other consideration is payable by the Group in acquiring the Max Warrant and the Max Put Option, the acceptance of the Max Warrant and the Max Put Option under the Investment Agreement and the transactions contemplated thereby are fully exempt from the notification, publication and/or shareholders' approval requirements under Chapter 14 of the Listing Rules, and the shareholders' approval, annual review and/or the disclosure requirements under Chapter 14A of the Listing Rules. The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules as and when the Group transfers, exercises (or decides not to exercise) and/or terminate the Max Warrant and the Max Put Option.

Given the relationship between Mr. Chiang Chih-Chung and Mr. Chiang Jeh-Chung, Jack, Mr. Chiang Jeh-Chung, Jack was taken to have material interests in the transactions contemplated under the Investment Agreement and had abstained from voting on the Board resolution approving the Investment Agreement. Save as disclosed above, none of the Directors had a material interest in the Investment Agreement.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong and the PRC are generally open for business to the public and which is not a Saturday, Sunday, public holiday or a day on which typhoon no. 8 or above or black rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.
“BVI”	the British Virgin Islands
“Company”	Stella International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Covenantors”	Mr. Chiang Chih-Chung and Mr. Li Wei
“Directors”	the directors of the Company
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investment Agreement”	the investment agreement dated 18 October 2016 entered into between Stella Fashion, Max Group and the Covenantors, a summary of which is set forth in the section headed “Principal terms of the Investment Agreement” above
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Max Group”	Max Group Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, the issued share capital of which is indirectly owned as to approximately 64.75% by Mr. Chiang Chih-Chung
“Max Listco”	Max Group or its holding company, the shares of which are intended to be applied for listing on any stock exchange

“Max Put Option”	the put option to be granted by Max Group to Stella Fashion for the repurchase by Max Group of (failing which the Covenantors shall purchase) all (but not part of) of the Max Put Option Shares under the Investment Agreement
“Max Put Option Consideration”	the price payable by Max Group (or the Covenantors) to Stella Fashion for the repurchase/purchase of the Max Option Shares pursuant to the exercise of the Max Put Option, details of which are set forth in the section headed “Principal terms of the Investment Agreement – (d) Max Put Option” above
“Max Put Option Exercise Period”	the period of six months commencing from the third anniversary date after the date of completion of exercise of the Max Warrant, provided that, if listing of Max Group or the Max Listco on any stock exchange shall take place before the expiry of this six-month period, the Max Put Option Exercise Period will expire on the date of such listing
“Max Put Option Shares”	the Max Warrant Shares so subscribed for pursuant to the exercise of the Max Warrant or, as the case may be, the shares of the Max Listco so exchanged for in accordance with the terms and conditions of the Investment Agreement
“Max Warrant”	the warrant granted by Max Group to Stella Fashion for the subscription of the Max Warrant Shares by Stella Fashion or its designated nominee under the Investment Agreement
“Max Warrant Exercise Period”	the period during which Stella Fashion may notify Max Group of its intention to exercise the Max Warrant, details of which are set forth in the section headed “Principal terms of the Investment Agreement – (c) Max Warrant” above
“Max Warrant Shares”	such number of ordinary shares in the issued share capital of Max Group, representing up to 20% of the enlarged issued share capital of Max Group

“Max Warrant Subscription Price”	the price payable by Stella Fashion (or its designated nominee) to Max Group for the subscription of the Max Warrant Shares pursuant to the exercise of the Max Warrant, details of which are set forth in the section headed “Principal terms of the Investment Agreement – (c) Max Warrant” above
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan
“Restructuring”	the restructuring of the Group’s PRC retail business in accordance with the terms of the Investment Agreement, details of which are set forth in the section headed “Principal terms of the Investment Agreement – (a) Restructuring” above
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between Stella Fashion and Max Group or its nominee, a summary of which is set forth in the section headed “Principal terms of the Investment Agreement – (e) Shareholders’ Agreement” above
“SPV”	a company to be incorporated in the BVI under the laws of the BVI pursuant to the Investment Agreement
“SPV Group”	collectively, the SPV and its subsidiaries
“Stella Call Option”	the call option granted by Stella Fashion to Max Group for the acquisition of all (but not part of) of the Stella Option Shares by Max Group or its designated nominee under the Investment Agreement

“Stella Call Option Consideration”	the price payable by Max Group (or its designated nominee) to Stella Fashion for the sale and purchase of the Stella Call Option Shares pursuant to the exercise of the Stella Call Option, details of which are set forth in the section headed “Principal terms of the Investment Agreement – (b) Stella Call Option” above
“Stella Call Option Exercise Period”	the period of 12 months commencing from the date on which Stella Fashion notifies Max Group of the completion of the Restructuring in accordance with the terms and conditions of the Investment Agreement
“Stella Call Option Shares”	such number of ordinary shares in the capital of the SPV to be in issue and registered in the name of Stella Fashion representing 60% of the entire issued share capital of the SPV
“Stella Fashion”	Stella Fashion Group Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 18 October 2016

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.