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If you have sold or transferred all your shares in Stella International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, PROPOSED RE-ELECTION OF DIRECTORS, ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Xiamen Suite I – II, 3/F, Marco Polo Prince Hotel, Harbour City, Kowloon, Hong Kong at 3:00 p.m. on Friday, 19 May 2017 is set out on pages 35 to 40 of this circular.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting (i.e., on or before 3:00 p.m. on 17 May 2017 (Hong Kong time)) 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.

31 March 2017

* *For identification purpose only*

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is to be conditionally adopted by ordinary resolution of the Shareholders
“Annual General Meeting”	the annual general meeting of the Company to be convened and held at Xiamen Suite I – II, 3/F, Marco Polo Prince Hotel, Harbour City, Kowloon, Hong Kong at 3:00 p.m. on Friday, 19 May 2017, the notice of which is set out on pages 35 to 40 of this circular, and any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the same meaning as defined under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Stella International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as defined 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 total number of Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the General Mandate

DEFINITIONS

“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 5% of the total number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Term Incentive Scheme”	a scheme conditionally approved by a written resolution of the Shareholders passed on 15 June 2007 and adopted by a resolution of the Board on 15 June 2007 and as amended by a resolution of the duly authorised committee of the Board on 18 June 2007 and further amended by a resolution of the Shareholders passed on 6 May 2011, under which an employee, a director, any shareholder of any member of the Group or any holder of any securities issued by any member of the Group and any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group may be granted a right to subscribe for Shares under the discretion of the Board
“New Share Option Scheme”	the share option scheme of the Company proposed to be adopted by the Shareholders at the Annual General Meeting
“Option(s)”	option(s) granted or to be granted under the Long Term Incentive Scheme or the New Share Option Scheme

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares up to a maximum of 10% of the total number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



Stella International Holdings Limited 九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

Executive Directors:

Mr. Chiang Jeh-Chung, Jack
Mr. Chao Ming-Cheng, Eric
Mr. Chen Li-Ming, Lawrence
Mr. Chi Lo-Jen

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Chen Johnny
Mr. Bolliger Peter
Mr. Chan Fu Keung, William, *BBS*
Mr. Yue Chao-Tang, Thomas
Mr. Lian Jie

*Head office and principal place of
business in Hong Kong:*

Flat C, 20/F,
MG Tower,
133 Hoi Bun Road,
Kowloon, Hong Kong

31 March 2017

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF DIRECTORS
AND
ADOPTION OF NEW SHARE OPTION SCHEME**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include, inter alia: (a) ordinary resolutions on the proposed grant of each of the General Mandate, the Repurchase Mandate and the Extension Mandate; (b) ordinary resolutions relating to the proposed re-election of the Directors; and (c) ordinary resolution on the proposed adoption of the New Share Option Scheme.

* *For identification purpose only*

LETTER FROM THE BOARD

GRANT OF GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

Pursuant to the ordinary resolutions passed by the then Shareholders at the last annual general meeting of the Company held on 27 May 2016, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with Shares not exceeding 5% of the total number of Shares in issue on the date of passing of the relevant ordinary resolution and the discount for any Shares to be issued shall not exceed 5%; (b) a general unconditional mandate to repurchase Shares not exceeding 10% of the total number of Shares in issue on the date of passing of the relevant ordinary resolution; and (c) the power to extend the general mandate mentioned in (a) above by such number of Shares representing the total number of Shares repurchased by the Company pursuant to the mandate to purchase or repurchase Shares referred to in (b) above.

The above general mandates will expire at the conclusion of the Annual General Meeting. At the Annual General Meeting, the following resolutions, among other matters, will be proposed:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares up to a maximum of 5% of the total number of Shares in issue on the date of passing of such resolution (such total number of Shares to be subject to adjustment in the event of any subdivision or consolidation of Shares after the date of passing of such resolution). On the basis that 794,379,500 Shares were in issue as at the Latest Practicable Date and assuming no Shares will be issued or repurchased prior to the Annual General Meeting and there will be no subdivision or consolidation of Shares, the maximum number of Shares to be allotted and issued pursuant to the General Mandate will be 39,718,975 Shares;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares on the Stock Exchange up to a maximum of 10% of the total number of Shares in issue on the date of passing of such resolution (such total number of Shares to be subject to adjustment in the event of any subdivision or consolidation of Shares after the date of passing of such resolution); and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the General Mandate by such number of Shares representing the total number of Shares repurchased under the Repurchase Mandate.

LETTER FROM THE BOARD

Each of the General Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (b) the date by which the next annual general meeting is required by the Companies Law or the Articles of Association to be held; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options granted and/or such Shares which may be awarded under the Long Term Incentive Scheme and/or the New Share Option Scheme (if so approved by the Shareholders at the Annual General Meeting and adopted by the Company) or any scrip dividend scheme which may be approved by the Shareholders.

Under the Listing Rules, the Company is required to give the 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.

PROPOSED RE-ELECTION OF DIRECTORS

According to article 86(3) of the Articles of Association, any Director appointed by the Board to fill a causal vacancy or as an additional Director shall hold office only until the first general meeting of the Shareholders or the next annual general meeting of the Company respectively following his/her appointment. Such Directors shall then be eligible for re-election at the meeting, but by virtue of article 87(2) of the Articles of Association, such Directors shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

By virtue of article 86(3) of the Articles of Association, Mr. Lian Jie, being an independent non-executive Director appointed by the Board with effect from 1 February 2017, will hold office until the Annual General Meeting and, being eligible, will offer himself for re-election.

Biographical information of Mr. Lian Jie is set out in Appendix II to this circular. Having considered his major offices, past working experiences and professional qualifications, the Board believes that Mr. Lian Jie is a suitable candidate for the post of independent non-executive Director and should be elected. Taking into account the factors set out in Rule 3.13 of the Listing Rules, the Board considers Mr. Lian Jie to be independent.

LETTER FROM THE BOARD

According to article 87(1) of the Articles of Association, not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Bolliger Peter, Mr. Chao Ming-Cheng, Eric and Mr. Chen Li-Ming, Lawrence will retire as Directors and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Biographical information of Mr. Bolliger Peter, Mr. Chao Ming-Cheng, Eric and Mr. Chen Li-Ming, Lawrence, is set out in Appendix II to this circular.

ADOPTION OF NEW SHARE OPTION SCHEME

As the Long Term Incentive Scheme will expire on 14 June 2017, the Board proposes to adopt the New Share Option Scheme to enable the Company to grant Options to eligible participants to motivate them to contribute to the development of the Group. An ordinary resolution will be proposed at the Annual General Meeting for approving the adoption of the New Share Option Scheme with effect from the close of business of the day on which such resolution is passed by the Shareholders. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection (i) at the Company's principal place of business in Hong Kong at Flat C, 20/F, MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting; and (ii) at the venue of the Annual General Meeting on the date of the Annual General Meeting.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to eligible participants as incentives or rewards for their contribution to the Group. Under the rules of the New Share Option Scheme, the Board may offer to grant option(s) to subscribe for such number of Shares to any eligible participant as the Board may from time to time in its discretion determine on a case by case basis. The Company believes that the authority given to the Board to select the appropriate participants and to specify the terms and conditions in respect of any Options that may be granted, including the minimum holding period, performance targets and subscription price for such Options, will serve to protect the value of the Company as well as achieve the purposes of retaining and motivating the participants to contribute to the development and growth of the Group for the benefit of the Shareholders. Accordingly, the Directors consider that it is in the interest of the Company to adopt the New Share Option Scheme.

LETTER FROM THE BOARD

The New Share Option Scheme will be administered by the Board. None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in such trustee (if any). With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, a total of 27,970,000 Options granted under the Long Term Incentive Scheme (with the exercise period expiring on 16 March 2023 and an exercise price of HK\$11.48 per Share) were outstanding. Save for the outstanding Options as disclosed above, as at the Latest Practicable Date, there were no outstanding options, warrants or convertible securities which entitle the holders to subscribe for Shares.

Taking into account that 794,379,500 Shares were in issue as at the Latest Practicable Date and assuming that there would be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Adoption Date, a total of 79,437,950 Shares will be issuable pursuant to Options that may be granted under the New Share Option Scheme, if adopted, and the Long Term Incentive Scheme and any other share option schemes of the Company, representing 10% of the total number of Shares that will be in issue as at the Adoption Date.

If all the existing outstanding Options were exercised in full and Shares in respect of such Options were issued prior to the Adoption Date, assuming that there is no further change to the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date, the total number of Shares in issue as at the Adoption Date will be 822,349,500 Shares. In this case, a total of 82,234,950 Shares, representing 10% of the total number of Shares that will be in issue as at the Adoption Date, will be issuable pursuant to Options that may be granted under the New Share Option Scheme, if adopted, and the Long Term Incentive Scheme and any other share option schemes of the Company.

Subject to the adoption of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme, the Long Term Incentive Scheme and any other schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to refresh the 10% limit, provided that, inter alia, the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme, the Long Term Incentive Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time.

LETTER FROM THE BOARD

Value of the Options

The Directors consider it inappropriate to disclose the value of options which may be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain pricing model or other methodology, which depends on various assumptions including, exercise price, exercise period, interest rate, expected volatility and other variables. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (A) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme by the Shareholders in the Annual General Meeting; and
- (B) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options that may be granted under the New Share Option Scheme.

ACTIONS TO BE TAKEN

Set out on pages 35 to 40 of this circular is a notice convening the Annual General Meeting at which ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate;
- (b) the proposed re-election of Directors; and
- (c) the proposed adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting (i.e., on or before 3:00 p.m. on 17 May 2017 (Hong Kong time)) 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.

VOTING BY POLL

To the best information of the Directors after making reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules for any resolution proposed to be adopted at the Annual General Meeting.

All the resolutions set out in the notice of the Annual General Meeting will be decided by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, in accordance with the Listing Rules. The chairman of the Annual General Meeting will explain the detailed procedures for conducting a poll at the Annual General Meeting.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share held.

After the conclusion of the Annual General Meeting, the poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.stella.com.hk.

RECOMMENDATIONS

The Board considers that the ordinary resolutions in respect of the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate, the proposed re-election of Directors and the adoption of the New Share Option Scheme to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant of the Repurchase Mandate to the Directors.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed where such other stock exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such companies to be repurchased on the Stock Exchange must be fully paid up and all repurchases of shares by such companies must be approved in advance by an ordinary resolution of shareholders passed at a general meeting duly convened and held, conferring on the Directors either a general mandate to repurchase Shares on the Stock Exchange or by a specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 794,379,500 Shares in issue.

The Repurchase Mandate will enable the Directors to repurchase Shares on the Stock Exchange up to a maximum of 10% of the total number of Shares in issue on the date of passing the relevant ordinary resolution at the Annual General Meeting (such total number of Shares to be subject to adjustment in the event of any subdivision or consolidation of Shares after the date of passing of such resolution, provided that the maximum numbers of Shares that may be repurchased under the Repurchase Mandate as a percentage of the total number of Shares in issue at the dates immediately before and after such consolidation or subdivision shall be the same). Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming that no Shares will be issued or repurchased prior to the Annual General Meeting and there will be no subdivision or consolidation of Shares, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 79,437,950 Shares.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Although the Directors have no present intention of exercising the proposed Repurchase Mandate, the Directors believe that the flexibility afforded by the proposed Repurchase Mandate would be beneficial to the Company and the Shareholders. An exercise of the Repurchase Mandate may result in a decrease in the issued number of shares of the Company, which may in turn enhance the net asset value per Share and/or earnings per Share of the Company. Such repurchases will only be made when the Directors believe that repurchase of Shares will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the Companies Law, other applicable laws of the Cayman Islands and the Listing Rules. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Companies Law, repurchases by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

5. GENERAL

There might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position as at 31 December 2016, being the date up to which its latest published audited consolidated financial statements were made up, in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate 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 which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

During each of 12 months preceding the Latest Practicable Date and up to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange are as follows:

	Highest Price	Lowest Price
	<i>HK\$</i>	<i>HK\$</i>
2016		
March	20.00	18.00
April	19.60	18.10
May	19.80	18.86
June	19.50	12.44
July	14.00	12.98
August	13.78	10.72
September	13.80	12.28
October	14.44	12.70
November	14.18	12.94
December	13.50	12.46
2017		
January	13.28	11.76
February	12.50	10.22
March*	12.84	10.70

* *up to and including Latest Practicable Date*

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands and in accordance with the regulations set out in the memorandum of association of the Company and the Articles of Association.

8. CONNECTED PERSON

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company, or has undertaken not to sell any Shares held by them to the Company, in the event that the grant of the Repurchase Mandate to the Directors is approved by the Shareholders.

9. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, 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 (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Cordwalner Bonaventure Inc. ("Cordwalner") held 246,412,214 Shares representing approximately 31.02% of the issued share capital 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, and assuming that prior to such repurchase of Shares there would not be any change in the issued share capital of the Company and Cordwalner would not dispose of nor acquire any Shares, the shareholding of Cordwalner in the Company would be increased to approximately 34.47% of the issued share capital of the Company, and Cordwalner may be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent as would give rise to such obligation.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that would result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25% as required under the Listing Rules.

10. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

The following sets out the biographical information of the Directors eligible for re-election at the Annual General Meeting:

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIAN Jie, aged 42, is an independent non-executive Director of the Company, and a member of the Audit Committee and the Nomination Committee of the Board. Mr. Lian is currently the President of Perfect World Co., Ltd. (stock code: 2624), a leading Chinese entertainment company listed on the Shenzhen Stock Exchange principally engaged in the game, movie and TV drama businesses. From 2010 to 2016, Mr. Lian was the founding partner of Primavera Capital Group, which is a private equity firm focusing on the Chinese market. He currently serves as Senior Advisor to Primavera Capital Group. From 2009 to 2010, Mr. Lian served as the Managing Director in the Investment Banking Division of China International Capital Corporation (“CICC”), which was based in Hong Kong. Prior to joining CICC, Mr. Lian had been the Managing Director of the Investment Banking Division of Goldman Sachs in Hong Kong for more than eight years. From 2011 to 2016, Mr. Lian was an independent director of Bona Film Group Limited which was a company listed on the NASDAQ Stock Market and privatised in May 2016. Mr. Lian is currently an independent non-executive director of Bosideng International Holdings Limited (stock code: 3998), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and a non-executive director of China XLX Fertiliser Limited (stock code: 1866), a company listed on the Main Board of the Stock Exchange. Mr. Lian graduated with a MBA degree from the Tuck School of Management, Dartmouth College in Hanover, New Hampshire, United States. Mr. Lian has been appointed as an independent non-executive Director of the Company since February 2017.

Save as disclosed above, Mr. Lian did not hold any other position in the Group as at the Latest Practicable Date. Save as disclosed above, in the three years preceding the Latest Practicable Date, Mr. Lian had not been a director of any public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Lian has been appointed by the Company by way of an appointment letter for a term of three years commencing from 1 February 2017 and ending on 31 January 2020 unless terminated by not less than six months’ notice in writing served by either party. Mr. Lian is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Mr. Lian is entitled to an annual director’s fee of HK\$405,000. The director’s fee for Mr. Lian is determined by the Board following review by the remuneration committee of the Board with reference to his skill, knowledge and expected involvement in the Group’s affairs, profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

As at the Latest Practicable Date, Mr. Lian did not have any interests in the Shares, underlying shares or debentures of the Company which were required to be disclosed under Part XV of the SFO. Mr. Lian did not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

There are no other matters concerning Mr. Lian that need to be brought to the attention of the Shareholders.

Mr. BOLLIGER Peter, aged 72, is an independent non-executive Director of the Company, the chairman of the Corporate Governance Committee and a member of the Nomination Committee of the Board. Mr. Bolliger had extensive experience in retail business with renowned department stores. From 1990 to 1994, he was the managing director of Harrods, London, the director of House of Fraser Plc and the chairman of Kurt Geiger, London (which is one of the leading luxury footwear retailers in Europe). Prior to these appointments, he had served at shoes companies, such as the managing director of A & D Spitz (Pty) Ltd., South Africa (1982 to 1990) and the managing director of Bally Shoes, Scandinavian Division, Denmark. In 1994, he joined Clarks and became the chief executive in 2002 until his retirement in May 2010. He is currently an independent non-executive director and a member of the audit committee of GrandVision B.V., a well-known optical retail company in the world. In addition, he is the non-executive Chairman of Kurt Geiger, London. Mr. Bolliger has been appointed as independent non-executive Director of the Company since October 2010.

Mr. Bolliger has been re-appointed by the Company by way of an appointment letter for another term of three years commencing from 1 October 2016 and ending on 30 September 2019 unless terminated by not less than six months' notice in writing served by either party. Mr. Bolliger is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Mr. Bolliger is entitled to an annual director's fee of HK\$420,000. The director's fee for Mr. Bolliger is determined by the Board following review by the remuneration committee of the Board with reference to his skill, knowledge and expected involvement in the Group's affairs, profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

As at the Latest Practicable Date, Mr. Bolliger was directly interested in 150,000 Shares which were required to be disclosed under Part XV of the SFO. Mr. Bolliger did not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

There are no other matters concerning Mr. Bolliger that need to be brought to the attention of the Shareholders.

EXECUTIVE DIRECTORS

Mr. CHAO Ming-Cheng, Eric, aged 65, is the Deputy Chairman of the Board, an executive Director of the Company and a member of the Executive Committee of the Board. Mr. Chao has been with the Group since 1982 and is one of the founders of the Group. He is responsible for factory management and setting up new manufacturing facilities. Mr. Chao has over 35 years of experience in management in the footwear industry. He holds a Bachelor of Commerce degree from the Tunghai University, Taiwan. He is also a director of certain subsidiaries of the Company which are engaged in manufacturing business. He is indirectly interested in the issued share capital of Cordwalner Bonaventure Inc., the controlling shareholder of the Company.

Save as disclosed above, Mr. Chao did not hold any other position in the Group as at the Latest Practicable Date. In the three years preceding the Latest Practicable Date, Mr. Chao had not been a director of any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Chao was (i) directly interested in 238,500 Shares which were held by him personally and (ii) deemed to be interested in 26,205,289 Shares which were held by a company the entire issued share capital of which was owned by him, by virtue of the SFO. In addition, Mr. Chao is indirectly interested in the issued share capital of Cordwalner Bonaventure Inc., the controlling Shareholder (as defined in the Listing Rules) of the Company. Save as disclosed above, as at the Latest Practicable Date, Mr. Chao (a) had no other interests in the Shares, underlying Shares or debentures of the Company, which were required to be disclosed under Part XV of the SFO; and (b) was not related to any other Directors, senior management, substantial or controlling Shareholder (as defined in the Listing Rules) of the Company.

Mr. Chao has entered into a service agreement (the “Service Agreement”) with the Company under which he serves the Company in the capacity of an executive Director for a term of two years commencing from 15 June 2013, renewable automatically for successive terms of two years, unless terminated by not less than six months’ notice in writing served by either party. Mr. Chao is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Under the Service Agreement, Mr. Chao is entitled to an annual director’s fee of HK\$300,000. Mr. Chiang has also entered into an employment contract (the “Employment Contract”) with a wholly-owned subsidiary of the Company under which he assumes the position of Vice President for a term of two years commencing from 15 June 2013, renewable automatically for successive terms of two years, unless terminated by not less than six months’ notice in writing served by either party. Under the Employment Contract, Mr. Chao is entitled to an annual remuneration of HK\$540,000 and is eligible for a discretionary management bonus and other allowances. The director’s fee and remuneration, as mentioned above, are subject to annual adjustment, and together with discretionary management bonus (if any), are subject to review by the remuneration committee of the Board and approval by the Board with reference to his performance, the profitability of the Group and the remuneration benchmarks in the industry.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

There are no other matters concerning Mr. Chao that need to be brought to the attention of the Shareholders.

Mr. CHEN Li-Ming, Lawrence, aged 56, is an executive Director of the Company, the Chief Executive Officer of the Group and the chairman of the Executive Committee of the Board. Mr. Chen has been with the Group since 1985. He is responsible for the Group’s corporate management. He has over 32 years of experience in technology development and management in the footwear industry. He holds a Bachelor of Electrophysics degree from the National Chiao Tung University, Taiwan. He is also a director of certain subsidiaries of the Company which are engaged in design and marketing activities, manufacturing and retail business. He is a director of Cordwalner Bonaventure Inc., the controlling shareholder of the Company. He is also indirectly interested in the issued share capital of Cordwalner Bonaventure Inc.. He is the cousin of a member of the senior management of the Company, Mr. Yang Chen-Ning.

Save as disclosed above, Mr. Chen did not hold any other position in the Group as at the Latest Practicable Date. In the three years preceding the Latest Practicable Date, Mr. Chen had not been a director of any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Chen was (i) directly interested in 238,000 Shares which were held by him personally and (ii) deemed to be interested in 21,921,870 Shares which were held by a company the entire issued share capital of which was owned by him, by virtue of the SFO. In addition, Mr. Chen is indirectly interested in the issued share capital of Cordwalner Bonaventure Inc., the controlling Shareholder (as defined in the Listing Rules) of the Company. Save as disclosed above, as at the Latest Practicable Date, Mr. Chen (a) had no other interests in the Shares, underlying Shares or debentures of the Company, which were required to be disclosed under Part XV of the SFO; and (b) was not related to any other Directors, senior management, substantial or controlling Shareholder (as defined in the Listing Rules) of the Company.

Mr. Chen has entered into a service agreement (the “Service Agreement”) with the Company under which he serves the Company in the capacity of an executive Director for a term of two years commencing from 9 January 2014, renewable automatically for successive terms of two years, unless terminated by not less than six months’ notice in writing served by either party. Mr. Chen is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Under the Service Agreement, Mr. Chen is entitled to an annual director’s fee of HK\$300,000. Mr. Chen has also entered into an employment contract (the “Employment Contract”) with a wholly-owned subsidiary of the Company under which he assumes the position of Vice President for a term of two years commencing from 9 January 2014, renewable automatically for successive terms of two years, unless terminated by not less than six months’ notice in writing served by either party. Under the Employment Contract, Mr. Chen is entitled to an annual remuneration of HK\$480,000 and is eligible for a discretionary management bonus and other allowances. The director’s fee and remuneration, as mentioned above, are subject to annual adjustment, and together with discretionary management bonus (if any), are subject to review by the remuneration committee of the Board and approval by the Board with reference to his performance, the profitability of the Group and the remuneration benchmarks in the industry.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

There are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders.

This appendix summaries the principal terms of the New Share Option Scheme and does not form, nor is intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme.

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted by ordinary resolution of the Shareholders at the Annual General Meeting.

(a) Purposes of the scheme

The purpose of the New Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the New Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(b) Who may join

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which the Group holds an equity interest (“**Eligible Employee**”);
- (bb) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

- (cc) any supplier of goods or services to any member of the Group or any Invested Entity;
- (dd) any customer of any member of the Group or any Invested Entity;
- (ee) any person or entity that provides design, research, development or other technological support to any member of the Group or any Invested Entity;
- (ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (gg) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the New Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

(c) Maximum number of Shares

- (aa) The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of approval of the New Share Option Scheme (“**General Scheme Limit**”).
- (cc) Subject to (aa) above but without prejudice to (dd) below, the Company may issue a circular to its shareholders and seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, the Company may seek separate Shareholders’ approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (ee) The maximum number of Shares which may fall to be issued upon exercise of the options to be granted under the New Share Option Scheme and the options granted under any other share option scheme of the Group (including both exercised and outstanding options) to be granted by the Company or any other member of the Group in any given financial year of the Company shall not exceed 2.5% of the Shares in issue as at the beginning of such financial year.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to separate Shareholders’ approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person of the Company) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

- (aa) Any grant of options under the New Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors of the Company (excluding any independent non-executive Director who or whose associate is the proposed grantee of the options).
- (bb) Where any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting.

The Company must send a circular to the Shareholders. The proposed grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates must be approved by the Shareholders in general meeting.

(f) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised.

(g) Performance targets

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the New Share Option Scheme can be vested in, or exercised by, the grantee.

(h) Subscription price for Shares and consideration for the option

The subscription price for Shares under the New Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option and shall be received by the Company within such time as may be specified in the offer of grant of the option, which shall not be later than 21 days from the offer date.

(i) Ranking of Shares

(aa) Shares allotted upon the exercise of an option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, reclassification or reduction of the share capital of the Company from time to time.

(j) Restrictions on the time of grant of options

No offer for grant of options shall be made after inside information has come to the knowledge of the Company until the Company has announced the information. In particular, no offer for the grant of options may be made during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

The Directors may not make any offer to grant any option to a participant during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(k) Period of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

(l) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health, disability or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in subparagraphs (n) or (q) below before the vesting and/or exercising his option in full, the option (to the extent not already vested) will lapse on the date of cessation and, in respect of option already vested but not exercised, the grantee may exercise the option in whole or in part within three months following the date of such cessation or termination (or such shorter period as the Directors may determine), and for this purpose, the date of cessation or termination will be taken to be the last day on which the grantee was actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health, disability or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health, disability or retirement in accordance with his contract of employment before the vesting and/or exercising the option in full, then unless the Directors otherwise determine, the option (to the extent not already vested) shall deem to be vested on the day immediately prior to his death or, as the case may be, on the last day on which the grantee was at work with the Group or the Invested Entity (whether salary is paid in lieu of notice or not), and his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months (24 months in the case of death of the grantee) following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not (or such shorter period as the Directors may determine).

If the grantee is an individual who is not an Eligible Employee, and in the event of his ceasing to be an Eligible Participant by reason of his death, illness or disability in accordance with any contract entered into between the grantee or his associate on one part and any member of the Group or any Invested Entity on the other part before the vesting and/or exercising the option in full, then unless the Directors otherwise determine, the option (to the extent not already vested) shall deem to be vested on the day immediately prior to his death or, as the case may be, on the date on which the grantee ceases to be an Eligible Participant, and his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 24 months following the date of his death or (as the case may be) 12 months following the date of such cessation (or such shorter period as the Directors may determine).

(n) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of misconduct or breach his contract of employment, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the relevant Invested Entity into disrepute), his option (to the extent not already vested and/or exercised) will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(o) Rights on termination of contract

If the grantee is not an Eligible Employee and in the event of his ceasing to be an Eligible Participant for any reason other than his death, ill-health or disability in accordance with any contract entered into between the grantee or his associate on one part and any member of the Group or any Invested Entity on the other part, and not on one or more of the grounds specified in paragraphs (p) or (q) before the vesting and/or exercising the option in full, the option (to the extent not already vested) shall lapse on the date of such cessation and, in respect of option already vested but not exercised, the grantee may exercise the option in whole or in part within three months following the date of such cessation or termination (or such shorter period as the Directors may determine).

(p) Rights on breach of contract

In respect of a grantee other than an Eligible Employee, if the Directors shall at their absolute discretion determine that (aa) (1) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or any Invested Entity or by any other reason whatsoever; and (bb) the option granted to the grantee under the New Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) and (3) above, his option (to the extent not already vested and/or exercised) will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(q) Rights on ceasing to be a subsidiary or Invested Entity

If a grantee ceases to be an Eligible Participant as a result of any subsidiary of the Company or Invested Entity ceasing to be a subsidiary or Invested Entity of the Company, his option (to the extent not already vested and/or exercised) will lapse automatically and will not in any event be exercisable on or after the date on which the grantee ceases to be an Eligible Participant.

(r) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share buy-back offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the option (to the extent not already vested) shall forthwith vest, and a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, the option (to the extent not already exercised) will lapse automatically on (aa) the date on which such offer (or, as the case may be, revised offer) closes or (bb) the relevant record date for entitlements under the scheme of arrangement, as the case may be.

(s) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(t) Grantee being a company wholly-owned by eligible participants

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) sub-paragraphs (l), (m), (n), (o), (p) and (q) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (l), (m), (n), (o), (p) and (q) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(u) Adjustments to the subscription price

In the event of a capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company while an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to (1) the number of Shares subject to the New Share Option Scheme or any option granted (insofar as it is/they are unexercised); and/or (2) the subscription price of the option granted (insofar as it is/they are unexercised), provided that (aa) any such adjustment shall give a grantee the same proportion of the issued share capital to which he would have been entitled to subscribe had he exercised all the options held by him immediately prior to such such adjustment; (bb) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (cc) the issue of Shares or other securities of the Company as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and (dd) any such adjustment must be made in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(v) Cancellation of options

Save for any breach of the requirement under paragraph (x) below which shall entitle the Company to cancel the option granted to the relevant grantee to the extent not already exercised and subject to Chapter 17 of the Listing Rules, any options granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to subparagraphs (c)(cc) and (c)(dd) above.

(w) Termination of the New Share Option Scheme

The Company by resolution in general meeting may at any time terminate the New Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(x) Rights are personal to the grantee

An option granted under the New Share Option Scheme is personal to the grantee and shall not be transferable or assignable.

(y) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period referred to in paragraph (f);
- (bb) the expiry of the periods or dates referred to in paragraph (l), (n), (o), (p), (q), (r), (s) and (t);
- (cc) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (x) above by the grantee.

(x) Others

- (aa) The New Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any Options which may be granted under the New Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees of the options except with the approval of the shareholders in general meeting.

- (cc) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (dd) The amended terms of the New Share Option Scheme or the options shall comply with the relevant requirements of the Listing Rules.
- (ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme shall be approved by the Shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING



Stella International Holdings Limited 九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Stella International Holdings Limited (“**Company**”) will be held at Xiamen Suite I – II, 3/F, Marco Polo Prince Hotel, Harbour City, Kowloon, Hong Kong on Friday, 19 May 2017 at 3:00 p.m. to consider and, if thought fit, transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (“**Directors**”) and auditor (“**Auditor**”) of the Company for the year ended 31 December 2016.
2. to declare a final dividend for the year ended 31 December 2016.
3. to declare a special dividend for the year ended 31 December 2016.
4. to consider the re-election of the retiring Directors, each as a separate resolution, and to authorise the board (“**Board**”) of Directors to fix the remuneration of the Directors.
5. to consider the re-appointment of Deloitte Touche Tohmatsu as the Auditor for the year ending 31 December 2017 and to authorise the Board to fix the remuneration of the Auditor.

and, to consider, and if thought fit, pass the following resolutions as ordinary resolutions (with or without modifications):

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT:**
- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, the exercise by the directors (“**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 additional shares (“**Shares**”) of HK\$0.10 each in the share capital of the Company, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the total number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to
 - (i) a Rights Issue (as hereinafter defined in paragraph (d) below);
 - (ii) the exercise of options granted under the Long Term Incentive Scheme or similar arrangement adopted by the Company from time to time;
 - (iii) any scrip dividend or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association (“**Articles of Association**”) of the Company and other relevant regulations 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;

NOTICE OF ANNUAL GENERAL MEETING

shall not exceed 5% of the total number of Shares in issue as at the date of the passing of this resolution (such total number of Shares to be subject to adjustment in the event of any subdivision or consolidation of Shares after the date of passing of this resolution), and the said approval shall be limited accordingly; and

- (d) any Shares to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the approval in paragraph (a) above shall not be at a discount of more than 5% of the Benchmarked Price (as defined below) of such Shares;
- (e) for the purpose of this resolution:

“**Benchmarked Price**” means the higher of:

- (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the agreement involving the relevant proposed issue of Shares; and
- (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the earlier of: (A) the date of announcement of the transaction or arrangement involving the relevant proposed issue of Shares, (B) the date of the agreement involving the relevant proposed issue of Shares and (C) the date on which the price of Shares that are proposed to be issued is fixed.

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; or
- (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“**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 to the holders of Shares or any class of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors 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 any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

7. “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors (“**Directors**”) of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase the shares (“**Shares**”) of HK\$0.10 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (“**SFC**”) and the Stock Exchange for such purpose, and subject to and in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws as amended from time to time in this regard, be and is hereby generally and unconditionally approved;
 - (b) the total number of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the total number of Shares in issue as at the date of the passing of this resolution (such total number of Shares to be subject to adjustment in the event of any subdivision or consolidation of Shares after the date of passing of this resolution, provided that the maximum numbers of Shares that may be repurchased under the Repurchase Mandate as a percentage of the total number of Shares in issue at the dates immediately before and after such consolidation or subdivision shall be the same), and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (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 any applicable law to be held; or
 - (iii) the date on which such mandate granted under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
8. “**THAT** conditional upon resolutions numbered 6 and 7 above being passed, the total number of the shares which are repurchased by the Company pursuant to resolution numbered 7 above be added to the total number of Shares which may be allotted, issued and dealt with pursuant to resolution numbered 6 above.”
9. “**THAT** with effect from the close of business of the day on which this resolution is passed, the rules of the new share option scheme (“**New Share Option Scheme**”), a copy of which having been produced to the meeting marked “A” and signed by the Chairman for the purpose of identification, be and are hereby approved and adopted as the share option scheme of the Company and that the directors of the Company (“**Directors**”) be and they are hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by The Stock Exchange of Hong Kong Limited, and at the Directors’ absolute discretion to grant options to subscribe for shares of the Company thereunder and to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Share Option Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

By order of the Board of
Stella International Holdings Limited
Kan Siu Yim
Company Secretary

Hong Kong, 31 March 2017

NOTICE OF ANNUAL GENERAL MEETING

Head office and principal place of business in Hong Kong:

Flat C, 20/F, MG Tower
133 Hoi Bun Road
Kowloon, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more shares (“**Shares**”) of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, 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 are present at the above meeting, personally or by proxy, then one of the said persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Hong Kong share registrar (“**Share Registrar**”) of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting (i.e., on or before 3:00 pm on 17 May 2017 (Hong Kong time)) or any adjournment thereof.
4. The register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending the above meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Share Registrar at the above address by no later than 4:30 p.m. on Monday, 15 May 2017.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In relation to resolution numbered 6 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. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be allotted and issued upon the exercise of any options granted or may be granted and/or such Shares which may be awarded under the Long Term Incentive Scheme of the Company or any scrip dividend scheme which may be approved by the Shareholders.
7. In relation to resolution numbered 7 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the Shareholders.

As at the date of this notice, 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, Mr. Yue Chao-Tang, Thomas and Mr. Lian Jie.