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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)

RENEWAL OF FRAMEWORK PURCHASE AGREEMENTS CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to Independent Board Committee and Independent Shareholders



國浩資本有限公司

GuocoCapital Limited

A Member of the Hong Leong Group

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from GuocoCapital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 24 of this circular.

A notice convening the EGM to be held at the Company's conference room at Suites 3003-04, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. on Wednesday, 30 December 2009 is set out on pages 32 to 34 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

11 December 2009

* For identification purpose only

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DEFINITIONS

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

“annual caps”	the maximum aggregate annual consideration payable by the Group in respect of the continuing connected transactions contemplated under the relevant agreement
“applicable percentage ratio(s)”	percentage ratios as defined under Rule 14.07 of the Listing Rules
“Board”	the board of directors of the Company
“Company”	Stella International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at the Company’s conference room at Suites 3003-04, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. on Wednesday, 30 December 2009, the notice of which is set out on page 32 and 34 of this circular, and adjournment thereof
“Framework Purchase Agreements”	the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement
“Group”	the Company and its subsidiaries
“GuocoCapital” or “Independent Financial Adviser”	GuocoCapital Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Board and approved by the Independent Board Committee

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	a board committee, comprising Mr. Chu Pao-Kuei, Mr. Ng Hak Kim, <i>JP</i> , Mr. Chen Johnny, all being the independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps
“Independent Shareholders”	Shareholders other than Mr. Chen Lawrence, his associates and any Shareholders who are materially interested in the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and/or the Xintan Framework Purchase Agreement
“Latest Practicable Date”	7 December 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen Lawrence”	Mr. Chen Li-Ming, Lawrence, an executive Director and chief executive officer of the Company
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 22 June 2007
“Sanford”	東莞興泰鞋材有限公司 (Sanford International Co., Ltd.), a limited liability company established in the PRC and is ultimately wholly-owned by Mr. Chen Lawrence

DEFINITIONS

“Sanford Framework Purchase Agreement”	the framework materials sale and purchase agreement dated 21 May 2007 and entered into between the Company as purchaser and Sanford as seller in relation to the purchase of sole materials by the Group from Sanford from time to time
“SFO”	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
“Shareholders”	the shareholders of the Company
“Simona”	興昂制革(惠州)有限公司 (Simona Tannery Co., Ltd.), a limited liability company established in the PRC and is ultimately wholly-owned by Mr. Chen Lawrence
“Simona Framework Purchase Agreement”	the framework materials sale and purchase agreement dated 21 May 2007 and entered into between the Company as purchaser and Simona as seller in relation to the purchase of tannery by the Group from Simona from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xintan”	東莞興騰鞋材有限公司 (Dongguan Xintan Footwear Co., Ltd.), a limited liability company established in the PRC and is ultimately wholly-owned by Mr. Chen Lawrence
“Xintan Framework Purchase Agreement”	the framework materials sale and purchase agreement dated 21 May 2007 and entered into between the Company as purchaser and Xintan as seller in relation to the purchase of sole materials by the Group from Xintan from time to time
“US\$”	United States dollars, the lawful currency of the United States of America

For the purpose of this circular, exchange rate of HK\$7.80 = US\$1 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such rate or any other exchange rates.

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. Shih Takuen, Daniel
Mr. Chao Ming-Cheng, Eric
Mr. Chen Li-Ming, Lawrence
Mr. Shieh Tung-Pi, Billy
Mr. Chi Lo-Jen, Stephen

Independent non-executive Directors:

Mr. Chu Pao-Kuei
Mr. Ng Hak Kim, JP
Mr. Chen Johnny

Registered office:

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

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

Suites 3003-04, 30/F, Tower 2
The Gateway, 25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

11 December 2009

To the Shareholders

Dear Sir or Madam,

RENEWAL OF FRAMEWORK PURCHASE AGREEMENTS CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

In the announcement of the Company dated 27 November 2009, the Company announced that each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement would expire on 31 December 2009 and whereupon be automatically renewable for a term of three years unless terminated by either party thereto upon a six-month prior written notice to the other party. As it is expected that Simona, Sanford and Xintan will continue to supply tannery and sole materials to the Group after expiry of

* For identification purpose only

LETTER FROM THE BOARD

the initial term of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement respectively, the relevant parties agree to the automatic renewal of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement for a three-year term commencing from 1 January 2010 to 31 December 2012, subject to the approval by the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM to approve (a) the continuing connected transactions and the related annual caps for the purchase of tannery by the Group from Simona pursuant to the Simona Framework Purchase Agreement for the three years ending 31 December 2012; (b) the continuing connected transactions and the related annual caps for the purchase of sole materials by the Group from Sanford pursuant to the Sanford Framework Purchase Agreement for the three years ending 31 December 2012; and (c) the continuing connected transactions and the related annual caps for the purchase of sole materials by the Group from Xintan pursuant to the Xintan Framework Purchase Agreement for the three years ending 31 December 2012.

2. PURCHASE OF TANNERY FROM SIMONA AND SOLE MATERIALS FROM SANFORD AND XINTAN

On 21 May 2007, the Group entered into (i) the Simona Framework Purchase Agreement with Simona for the purchase of tannery from Simona; and (ii) the Sanford Framework Purchase Agreement with Sanford for the purchase of sole materials from Sanford; and (iii) the Xintan Framework Purchase Agreement with Xintan for the purchase of sole materials from Xintan. Each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement has an initial term commencing from 21 May 2007 and expiring on 31 December 2009 and, with a right for either party to terminate the relevant agreement at any time by serving a six-month prior written notice on the other. Subject to early termination of the agreements by parties pursuant to the respective terms of these agreements and compliance of the Listing Rules, these agreements will be automatically renewed for a term of three years upon expiry of the initial term. As it is expected that Simona, Sanford and Xintan will continue to supply tannery and sole materials to the Group after expiry of the initial term of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement respectively, the relevant parties agree to the automatic renewal of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement for a three-year term commencing from 1 January 2010 and ending on 31 December 2012.

LETTER FROM THE BOARD

(i) The Simona Framework Purchase Agreement

Date: 21 May 2007

Term: To be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012 upon the expiry of the initial term on 31 December 2009

Parties: Simona, as seller

The Company, as purchaser

Pursuant to the Simona Framework Purchase Agreement, the Company has agreed to purchase tannery, which is a type of raw material used for manufacturing the Group's footwear products, from Simona. Sales and purchases of tannery under the Simona Framework Purchase Agreement shall be made pursuant to written purchase orders agreed between the parties, setting out, among other things, the materials and specifications of the tannery, quantity, price, payment terms, delivery time, place of delivery and transfer of title. The price shall be determined by reference to the average market price for similar materials in the open market.

The initial term of the Simona Framework Purchase Agreement shall expire on 31 December 2009. Unless otherwise terminated in accordance with its terms and subject to compliance with the Listing Rules, the agreement will be automatically renewed for a three-year term upon the expiry of the initial term on 31 December 2009. Under the Simona Framework Purchase Agreement, either party shall have the right to terminate the agreement at any time by giving a six-month prior written notice to the other.

The terms of the Simona Framework Purchase Agreement were arrived at after arm's length negotiation between the Group and Simona.

LETTER FROM THE BOARD

Annual caps

Under the Simona Framework Purchase Agreement, for each of the two years ended 31 December 2008, the Group purchased tannery from Simona in the total amount of approximately US\$25,975,000 (equivalent to approximately HK\$202.61 million) and US\$29,612,000 (equivalent to approximately HK\$230.97 million), which did not exceed the annual cap of US\$32,800,000 (equivalent to approximately HK\$255.84 million) and US\$40,700,000 (equivalent to approximately HK\$317.46 million) for the corresponding period respectively. For the nine months ended 30 September 2009, the Group purchased tannery from Simona in the total amount of approximately US\$22,795,000 (equivalent to approximately HK\$177.80 million). It is expected that the annual cap of US\$50,600,000 (equivalent to approximately HK\$394.68 million) for the year ending 31 December 2009 will not be exceeded.

By reference to the historical transaction amount of tannery purchased by the Group from Simona for the two years ended 31 December 2008 and nine months ended 30 September 2009, the anticipated demand of the Group's footwear products from the Group's customers, the estimated production capacity and the projected rate of sales growth of the Group, and the capability of Simona for the production of leather and tannery products for women fashion footwear so as to meet the Group's demand for shorter "concept-to-store" lead time for women fashion footwear, the Group expects that the maximum aggregate annual consideration payable by the Group for the purchase of tannery by the Group pursuant to the Simona Framework Purchase Agreement for each of the three years ending 31 December 2012 will not exceed US\$35,000,000 (equivalent to approximately HK\$273.00 million), US\$45,000,000 (equivalent to approximately HK\$351.00 million) and US\$50,000,000 (equivalent to approximately HK\$390.00 million) respectively.

(ii) The Sanford Framework Purchase Agreement

Date: 21 May 2007

Term: To be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012 upon the expiry of the initial term on 31 December 2009

Parties: Sanford, as seller

The Company, as purchaser

LETTER FROM THE BOARD

Pursuant to the Sanford Framework Purchase Agreement, the Company has agreed to purchase sole materials, one of the raw materials used for manufacturing the Group's footwear products, from Sanford. Sales and purchases of sole materials under the Sanford Framework Purchase Agreement shall be made pursuant to written purchase orders agreed between the parties, setting out, among other things, the materials and specifications of the sole materials, quantity, price, payment terms, delivery time, place of delivery and transfer of title. The price shall be determined by reference to the average market price for similar materials in the open market.

The initial term of the Sanford Framework Purchase Agreement shall expire on 31 December 2009. Unless otherwise terminated in accordance with its terms and subject to compliance with the Listing Rules, the agreement will be automatically renewed for a three-year term upon the expiry of the initial term on 31 December 2009. Under the Sanford Framework Purchase Agreement, either party shall have the right to terminate the agreement at any time by giving a six-month prior written notice to the other.

The terms of the Sanford Framework Purchase Agreement were arrived at after arm's length negotiation between the Group and Sanford.

Annual caps

Under the Sanford Framework Purchase Agreement, for each of the two years ended 31 December 2008, the Group purchased sole materials from Sanford in the total amount of approximately US\$7,927,000 (equivalent to approximately HK\$61.83 million) and approximately US\$7,628,000 (equivalent to approximately HK\$59.50 million), which did not exceed the annual cap of US\$11,900,000 (equivalent to approximately HK\$92.82 million) and US\$13,900,000 (equivalent to approximately HK\$108.42 million) for the corresponding period respectively. For the nine months ended 30 September 2009, the Group purchased sole materials from Sanford in the total amount of approximately US\$5,554,000 (equivalent to approximately HK\$43.32 million). It is expected that the annual cap of US\$16,000,000 (equivalent to approximately HK\$124.80 million) for the year ending 31 December 2009 will not be exceeded.

LETTER FROM THE BOARD

By reference to the historical transaction amount of sole materials purchased by the Group from Sanford for the two years ended 31 December 2008 and nine months ended 30 September 2009, the anticipated demand of the Group's footwear products from the Group's customers, the estimated production capacity and the projected rate of sales growth of the Group, the Group expects that the maximum aggregate annual consideration payable by the Group for the purchase of sole materials by the Group pursuant to the Sanford Framework Purchase Agreement for each of the three years ending 31 December 2012 will not exceed US\$8,500,000 (equivalent to approximately HK\$66.30 million), US\$9,500,000 (equivalent to approximately HK\$74.10 million) and US\$10,500,000 (equivalent to approximately HK\$81.90 million) respectively.

(iii) The Xintan Framework Purchase Agreement

Date: 21 May 2007

Term: To be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012 upon the expiry of the initial term on 31 December 2009

Parties: Xintan, as seller

The Company, as purchaser

Pursuant to the Xintan Framework Purchase Agreement, the Company has agreed to purchase sole materials from Xintan. Sales and purchases of sole materials under the Xintan Framework Purchase Agreement shall be made pursuant to written purchase orders agreed between the parties, setting out, among other things, the materials and specifications of the sole materials, quantity, price, payment terms, delivery time, place of delivery and transfer of title. The price shall be determined by reference to the average market price for similar materials in the open market.

The initial term of the Xintan Framework Purchase Agreement shall expire on 31 December 2009. Unless otherwise terminated in accordance with its terms and subject to compliance with the Listing Rules, the agreement will be automatically renewed for a three-year term upon the expiry of the initial term on 31 December 2009. Under the Xintan Framework Purchase Agreement, either party shall have the right to terminate the agreement at any time by giving a six-month prior written notice to the other.

The terms of the Xintan Framework Purchase Agreement were arrived at after arm's length negotiation between the Group and Xintan.

LETTER FROM THE BOARD

Annual caps

Under the Xintan Framework Purchase Agreement, for each of the two years ended 31 December 2008, the Group purchased sole materials from Xintan in the total amount of approximately US\$7,181,000 (equivalent to approximately HK\$56.01 million) and approximately US\$17,911,000 (equivalent to approximately HK\$139.71 million), which did not exceed the annual cap of US\$17,300,000 (equivalent to approximately HK\$134.94 million) and US\$24,900,000 (equivalent to approximately HK\$194.22 million) for the corresponding period respectively. For the nine months ended 30 September 2009, the Group purchased sole materials from Xintan in the total amount of approximately US\$17,498,000 (equivalent to approximately HK\$136.48 million). It is expected that the annual cap of US\$27,400,000 (equivalent to approximately HK\$213.72 million) for the year ending 31 December 2009 will not be exceeded.

By reference to the historical transaction amount of sole materials purchased by the Group from Xintan for the two years ended 31 December 2008 and nine months ended 30 September 2009, the anticipated demand of the Group's footwear products from the Group's customers, the estimated production capacity and the projected rate of sales growth of the Group, the Group expects that the maximum aggregate annual consideration payable by the Group for the purchase of sole materials by the Group pursuant to the Xintan Framework Purchase Agreement for each of the three years ending 31 December 2012 will not exceed US\$26,000,000 (equivalent to approximately HK\$202.80 million), US\$29,000,000 (equivalent to approximately HK\$226.20 million) and US\$32,000,000 (equivalent to approximately HK\$249.60 million) respectively.

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FRAMEWORK PURCHASE AGREEMENTS

As mentioned in the Prospectus, the Group has been sourcing tannery and sole materials from Simona, Sanford and Xintan as the raw materials for manufacturing the Group's footwear products respectively. The Directors consider that the purchase of tannery and sole materials from Simona, Sanford and Xintan by renewing the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement is beneficial to the Group as they have a proven track record of quality products and the Group can secure a reliable supply of production materials with consistent quality.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the automatic renewal thereof in accordance with their respective existing terms for a three-year term is on normal commercial terms which are fair and reasonable and the continuing connected transactions under each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps for the continuing connected transactions under each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement for each of the three years ending 31 December 2012 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

The Group is principally engaged in the development and manufacturing of footwear products for casual and fashion footwear companies worldwide. It has also established its retail distribution network and introduced its own brands of fashion footwear.

Simona is principally engaged in the business of tanning leather.

Sanford is principally engaged in the manufacture and sale of sole materials

Xintan is principally engaged in the manufacture and sale of sole materials.

Each of Simona, Sanford and Xintan is ultimately wholly-owned by Mr. Chen Lawrence. Since each of Simona, Sanford and Xintan is an associate (as defined under the Listing Rules) of Mr. Chen Lawrence who is an executive Director and the chief executive officer of the Company, Simona, Sanford and Xintan are therefore the connected persons of the Company under the Listing Rules. The purchases of tannery and sole materials by the Group pursuant to the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement, on an aggregated basis, is expected to be more than 2.5% and the maximum aggregate annual consideration payable by the Group under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement are expected to be more than HK\$10 million for each of the three years ending 31 December 2012, the purchases of tannery and sole materials by the Group from Simona, Sanford and Xintan under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement respectively constitute continuing connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. EGM

The Company will convene the EGM at the Company's conference room at Suites 3003-04, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. on Wednesday, 30 December 2009 to consider and, if thought fit, approve (a) the continuing connected transactions and the related annual caps for the purchase of tannery by the Group from Simona pursuant to the Simona Framework Purchase Agreement for the three years ending 31 December 2012; (b) the continuing connected transactions and the related annual caps for the purchase of sole materials by the Group from Sanford pursuant to the Sanford Framework Purchase Agreement for the three years ending 31 December 2012; and (c) the continuing connected transactions and the related annual caps for the purchase of sole materials by the Group from Xintan pursuant to the Xintan Framework Purchase Agreement for the three years ending 31 December 2012. A notice of the EGM is set out on pages 32 to 34 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Mr. Chen Lawrence and his associates, and any Shareholders who are materially interested in the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and/or the Xintan Framework Purchase Agreement, are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps.

LETTER FROM THE BOARD

To the best knowledge of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, Mr. Chen Lawrence and his associates held an aggregate of 32,000 Shares, representing approximately 0.004% of the then entire issued share capital of the Company.

A form of proxy for use at the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

6. RECOMMENDATION

The Directors consider that the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the relevant resolutions in the terms as set out in the notice of the EGM.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 14 to 15 of this circular which contains its advice to the Independent Shareholders regarding the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps, the letter from GuocoCapital set out in pages 16 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the appendix to this circular.

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

LETTER FROM INDEPENDENT BOARD COMMITTEE



Stella International Holdings Limited

九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

11 December 2009

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF FRAMEWORK PURCHASE AGREEMENTS CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company dated 11 December 2009 (the “**Circular**”) to the Shareholders of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps and to advise the Independent Shareholders in connection with the continuing connected transactions as contemplated under each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps as to whether, in our opinion, the terms of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement, the automatic renewal thereof in accordance with their respective existing terms for a three-year term and the related annual caps are on normal commercial terms which are fair and reasonable and whether such continuing connected transactions are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. GuocoCapital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

* For identification purpose only

LETTER FROM INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from GuocoCapital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, GuocoCapital as set out in its letter of advice, we consider that the terms of each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement, the automatic renewal thereof in accordance with their respective existing terms for a three-year term and the related annual caps are on normal commercial terms which are fair and reasonable and such continuing connected transactions are entered into in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the continuing connected transactions as contemplated under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement and the related annual caps at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Chu Pao-Kuei Ng Hak Kim, JP Chen Johnny

Independent non-executive Directors

LETTER FROM GUOCOCAPITAL

The following is the full text of a letter of advice to the Independent Board Committee and the Independent Shareholders from GuocoCapital prepared for the purpose of incorporation in this circular:



11 December 2009

*To: The Independent Board Committee and the Independent Shareholders of
Stella International Holdings Limited*

Dear Sirs,

RENEWAL OF FRAMEWORK PURCHASE AGREEMENTS CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions (the "Continuing Connected Transactions") as stipulated under the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement (collectively the "Framework Purchase Agreements"), their terms and their respective annual caps. Details of the Continuing Connected Transactions are set out in the letter from the Board in the circular of the Company dated 11 December 2009 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same respective meanings as those defined in the Circular unless the context otherwise requires.

On 21 May 2007, the Group entered into (i) the Simona Framework Purchase Agreement with Simona for the purchase of tannery from Simona; (ii) the Sanford Framework Purchase Agreement with Sanford for the purchase of sole materials from Sanford; and (iii) the Xintan Framework Purchase Agreement with Xintan for the purchase of sole materials from Xintan. Each of the Framework Purchase Agreements has its initial term expiring on 31 December 2009, and with a right for either party to terminate the relevant agreement at any time by serving a six-month prior written notice on the other. Subject to early termination of the agreements by parties pursuant to the respective terms of these agreements and compliance of the Listing Rules, these agreements will

LETTER FROM GUOCOCAPITAL

be automatically renewed for a term of three years upon expiry of the initial term. As it is expected that Simona, Sanford and Xintan (collectively, the “Connected Vendors”) will continue to supply tannery and sole materials to the Group after expiry of the initial term of the Framework Purchase Agreements, the relevant parties agree to the automatic renewal of the Framework Purchase Agreements for a three-year term commencing from 1 January 2010 and ending on 31 December 2012.

As each of the Connected Vendors is ultimately wholly-owned by Mr. Chen Lawrence, an executive Director and chief executive officer of the Company, each of the Connected Vendors is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the Framework Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Framework Purchase Agreements, on an aggregated basis, is expected to be more than 2.5% and the maximum aggregate annual consideration payable by the Group thereunder is expected to be more than HK\$10 million for each of the three years ending 31 December 2012, the Continuing Connected Transactions are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. In view of the foregoing, Mr. Chen Lawrence and his associates, and any Shareholders who are materially interested in any of the Continuing Connected Transactions are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the Continuing Connected Transactions and the related annual caps.

The Independent Board Committee comprising the independent non-executive Directors, Mr. Chu Pao-Kuei, Mr. Ng Hak Kim, *JP* and Mr. Chen Johnny, has been established to advise the Independent Shareholders as to whether the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and the terms and conditions of the Framework Purchase Agreements, the automatic renewal thereof in accordance with their respective existing terms for a three-year term and the respective annual caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

BASIS OF OUR OPINION

We are not associated with the Company and its substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Continuing Connected Transactions, the Framework Purchase Agreements, and their respective annual caps thereto. Apart from normal professional fee payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or its substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

LETTER FROM GUOCOCAPITAL

In formulating our opinion with regard to the Continuing Connected Transactions, the Framework Purchase Agreements, and their respective annual caps, we have relied on the information supplied, representations made and opinions expressed by the Company, its Directors, advisers and representatives, for which they are solely responsible. We have assumed that all such information and representations were true, accurate and complete at the time they were made and continue to be so at the date of this letter. We have also assumed that all statements of belief, opinion and intention of the Directors, the Company's advisers and representatives produced to us were reasonably made after due and careful inquiry. We have been advised by the Company that no material facts, the omission of which would make any statement or opinion contained in this letter to be misleading, have been omitted from the information provided by the Company to us.

We consider that we have been provided with, and we have reviewed, sufficient information to enable us to reach an informed view thereof and to justify reliance on the accuracy of the information provided to us so as to provide a reasonable basis for our advice. We have no reason to suspect that any material facts or information have been omitted or withheld from the information supplied or opinions expressed to us nor to doubt the truth, accuracy and completeness of the information and representations provided, or the reasonableness of the opinions expressed, to us by the Company, its Directors, advisers and representatives. We have not, however, carried out any independent verification of the information provided to us by the Company, its Directors, advisers and representatives, nor have we conducted any independent in-depth investigation into the business and affairs or future prospects of the Group. Accordingly, we do not warrant the accuracy or completeness of any such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Continuing Connected Transactions, the renewal of the Framework Purchase Agreements, and the bases of the respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the following principal factors and reasons:–

Background to and reasons for the renewal of the Framework Purchase Agreements

The Group is principally engaged in the development and manufacturing of footwear products for casual and fashion footwear companies worldwide. The Group has also established its retail distribution network and introduced its own brands of fashion footwear. With reference to the latest unaudited financial information of the Company for the six months ended 30 June 2009, the Group recorded a total revenue of approximately US\$459.2 million (equivalent to approximately HK\$3,581.8 million), of which approximately

LETTER FROM GUOCOCAPITAL

US\$439.1 million (equivalent to approximately HK\$3,425.0 million, representing approximately 95.6% of the total revenue) was derived from the manufacturing business and approximately US\$20.1 million (equivalent to approximately HK\$156.8 million, representing approximately 4.4% of the total revenue) was derived from the retailing and wholesaling businesses.

Simona is principally engaged in the business of tanning leather. Sanford and Xintan are principally engaged in the manufacture and sale of sole materials. Each of Simona, Sanford and Xintan has been one of the vendors of the Group supplying sole materials and tannery for the Group's manufacturing business for years.

On 21 May 2007, the Group entered into the Framework Purchase Agreements with Simona, Sanford and Xintan respectively, pursuant to which the Group agreed to purchase tannery from Simona and sole materials from Sanford and Xintan. The Framework Purchase Agreements will expire on 31 December 2009 and the relevant parties agreed to renew each of the Framework Purchase Agreements for a term of three years up to 31 December 2012 to continue to source tannery and sole materials from these vendors after expiry of the initial term of each of the Framework Purchase Agreements.

As advised by the Directors, the Group procures key raw materials for the manufacturing of footwear products, such as tannery and sole materials, from various suppliers from time to time as the Group thinks fit. The Directors consider that the Connected Vendors had demonstrated strong capabilities in the design and development of tannery and sole materials during the past years. We are given to understand that the Group conducts assessments to its vendors, including the Connected Vendors, on regular basis and each of the Connected Vendors is regarded as qualified supplier according to the latest assessment.

Through working closely and continuously among the Connected Vendors, the Group and its customers, the Directors believe that the Group can secure a reliable supply of production materials with consistent quality which match the requirements of its customers. The Directors also believe that the entering into of the Continuing Connected Transactions through renewing the Framework Purchase Agreements with the Connected Vendors will strengthen the competitiveness of the Group by having secured supply of raw materials to cope with the market requirement of shortening production lead time, which has become more stringent under the current challenging market environment. Moreover, the Directors also consider the procurement of tannery and sole materials from the Connected Vendors can enhance the protection of the intellectual properties of footwear designs and specifications as compared to sourcing from other third party suppliers.

LETTER FROM GUOCOCAPITAL

Having considered (i) the principal business of the Group as footwear manufacturer and the principal business of the Connected Vendors as materials suppliers; (ii) the latest assessment of the performances of the Connected Vendors; (iii) the established business relationships between the Connected Vendors, the Group and its customers; and (iv) the benefits to the Group to continue the Continuing Connected Transactions, we concur with the view of the Directors that the renewal of the Framework Purchase Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Framework Purchase Agreements

Pursuant to the Framework Purchase Agreements, the Company agrees to purchase or procure its subsidiaries to purchase tannery from Simona, and to purchase sole materials from Sanford and Xintan. Sales and purchases of tannery and sole materials under the Framework Purchase Agreements shall be made pursuant to written purchase orders agreed between the parties, setting out, among other things, the materials and specifications of the tannery and sole materials, quantity, price, payment terms, delivery time, place of delivery and transfer of title. The price shall be determined by reference to the average market price for similar materials in the open market.

We have reviewed samples of purchase orders made by the Group to the Connected Vendors and to the independent third party suppliers and we noted that the relevant prices and payment terms offered by the Connected Vendors are comparable to those offered by independent third parties. Accordingly, we concur with the view of the Directors that the terms of the Framework Purchase Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GUOCOCAPITAL

Annual Caps

As set out in the letter from the Board, the annual caps in respect of the Continuing Connected Transactions for the three years ending 31 December 2010, 2011 and 2012 are as follows:

<i>(US\$'000)</i>	For the year ending 31 December 2010	For the year ending 31 December 2011	For the year ending 31 December 2012
Purchase of tannery from Simona	35,000 (approximately HK\$273.00 million)	45,000 (approximately HK\$351.00 million)	50,000 (approximately HK\$390.00 million)
Purchase of sole materials from Sanford	8,500 (approximately HK\$66.30 million)	9,500 (approximately HK\$74.10 million)	10,500 (approximately HK\$81.90 million)
Purchase of sole materials from Xintan	26,000 (approximately HK\$202.80 million)	29,000 (approximately HK\$226.20 million)	32,000 (approximately HK\$249.60 million)

As advised by the Directors, the purchases of sole materials and tannery are derived by the production orders of the Group each year and hence, the annual caps for the three years ending 31 December 2012 are determined by reference to the relevant historical transaction amounts for the two years ended 31 December 2008 and the nine months ended 30 September 2009, the anticipated demand of the Group's footwear products from the Group's customers, the estimated production capacity and the projected rate of sales growth of the Group.

LETTER FROM GUOCOCAPITAL

The actual historical transaction amounts in respect of the Continuing Connected Transactions under the Framework Purchase Agreements were as follows:

<i>(US\$'000)</i>	For the year ended 31 December 2007	For the year ended 31 December 2008	For the nine months ended 30 September 2009
Purchase of tannery from Simona	25,975 (approximately HK\$202.61 million)	29,612 (approximately HK\$230.97 million)	22,795 (approximately HK\$177.80 million)
Purchase of sole materials from Sanford	7,927 (approximately HK\$61.83 million)	7,628 (approximately HK\$59.50 million)	5,554 (approximately HK\$43.32 million)
Purchase of sole materials from Xintan	7,181 (approximately HK\$56.01 million)	17,911 (approximately HK\$139.71 million)	17,498 (approximately HK\$136.48 million)

For the year ended 31 December 2008, the transaction amount in respect of the purchase of tannery from Simona increased by approximately 14.0% as compared to that of 2007, which was in line with the increase in shipment volume in 2008. The transaction amounts in respect of the purchase of sole materials from Sanford decreased slightly by approximately 3.8% in 2008 and such decrease was mainly due to changes in customers' preferences on footwear materials that year which resulted in decline in demand for materials supplied by Sanford. The transaction amount in respect of the purchase of sole materials from Xintan increased by approximately 149.4% in 2008 principally due to the commencement of production of Xintan in March 2007.

As shown in the annual report of the Company for the year ended 31 December 2008, the Group's total shipment in 2008 was approximately 48.4 million pairs, representing a marginal increase of approximately 1.5% compared with approximately 47.7 million pairs sold in 2007. The performance of the manufacturing business of the Group was weakened as a result of the persistently slow market conditions in the United States and Europe in 2009. The shipment volume decreased from approximately 36.1 million pairs for the nine months ended 30 September 2008 to approximately 31.2 million pairs for the nine months ended 30 September 2009.

LETTER FROM GUOCOCAPITAL

North America and Europe are the Group's two largest markets which accounted for approximately 52.5% and 33.0% respectively of the Group's total revenue for the six months ended 30 June 2009. Accordingly, the performance of the Group is highly related to the economies in the United States and Europe. According to the U.S. Department of Commerce and Eurostat (the Statistical Office of the European Communities), the gross domestic products ("GDP") of the United States and the Euro area were as follows:

(Seasonally adjusted GDP change from preceding period)	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3
United States	-2.7%	-5.4%	-6.4%	-0.7%	+2.8%
Euro area (<i>note 1</i>)	-0.4%	-1.9%	-2.4%	-0.2%	+0.4%

Note:

1. Euro area consists of Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

The GDP of the United States and the Euro area experienced a decline for four consecutive quarters since the third quarter of 2008, but demonstrated a decreasing rate of decline in the second quarter of 2009. The GDP of the United States and Euro area even experienced growths of approximately 2.8% and 0.4% respectively in the third quarter of 2009, which demonstrated that the economies of the United States and the Euro area are recently improving.

The Directors expect that the global footwear market will be improved moderately in near future following the recent restoration of consumer confidence and improvement in economic conditions. Hence the derived demand of sole materials and tannery from the Connected Vendors will also increase based on the production plan and shipment volume of the Group in the fourth quarter of 2009 and for the full year of 2010. As advised by the Directors, the significant increase in annual cap of approximately 28.6% in relation to the purchase of tannery from Simona for the year ending 31 December 2011 is principally due to the anticipated increase of Simona's capability for the production of tannery for women fashion footwear so as to meet the Group's increasing demand on dealing with the shorter "concept-to-store" lead time for women fashion footwear. The increment of annual caps in

LETTER FROM GUOCOCAPITAL

respect of the purchase of tannery from Simona for the year ending 31 December 2012 and the purchase of sole materials from Sanford and Xintan for each of the two years ending 31 December 2011 and 2012 are estimated to be approximately 10% per annum, which are in line with the compound annual growth rates of approximately 17.6% and 7.8% of the Group's revenue and footwear shipment volume respectively from year 2004 to year 2008.

Taking into account (i) the historical transaction amounts; (ii) the recent economies in the United States and Europe; and (iii) the production plan of the Group in relation to expected purchases from the Connected Vendors, we concur with the Directors' view that the bases adopted to determine the annual caps in respect of the Continuing Connected Transactions under the Framework Purchase Agreements for the three years ending 31 December 2012 are fair and reasonable so far as the Independent Shareholder are concerned.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group and the terms and conditions of the Framework Purchase Agreements, the automatic renewal thereof in accordance with their respective existing terms for a three-year term and the respective annual caps are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolutions in relation to the Continuing Connected Transactions, the Framework Purchase Agreements, and the respective annual caps, to be proposed at the EGM.

Yours faithfully,

For and on behalf of

GuocoCapital Limited

Athena Fung

Assistant Director, Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules were as follows:

(A) The Company

Name of Director	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding	Capacity/ Nature of interest
Chao Ming-Cheng, Eric	153,000 Shares (L) <i>(Note 2)</i>	0.02%	Beneficial owner
Chen Lawrence	96,000 Shares (L) <i>(Note 3)</i>	0.01%	Beneficial owner
Chi Lo-Jen, Stephen	169,500 Shares (L) <i>(Note 4)</i>	0.02%	Beneficial owner

Name of Director	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding	Capacity/ Nature of interest
Chiang Jeh-Chung, Jack	223,500 Shares (L) <i>(Note 5)</i>	0.03%	Beneficial owner
Shieh Tung-Pi, Billy	2,225,686 Shares (L) <i>(Note 6)</i>	0.28%	Beneficial owner
Shih Takuen, Daniel	211,500 Shares (L) <i>(Note 7)</i>	0.03%	Beneficial owner

Notes:

1. The letter "L" denotes the Directors' long position in the Shares, or as the case may be, the underlying Shares of the Company.
2. It included interests in 102,000 restricted unit awards granted but not yet vested under the long term incentive scheme of the Company (the "Scheme").
3. It included interests in 64,000 restricted unit awards granted but not yet vested under the Scheme.
4. It included interests in 113,000 restricted unit awards granted but not yet vested under the Scheme.
5. It included interests in 149,000 restricted unit awards granted but not yet vested under the Scheme.
6. It included interests in 43,000 restricted unit awards granted but not yet vested under the Scheme.
7. It included interests in 141,000 restricted unit awards granted but not yet vested under the Scheme.

(B) Associated Corporation – Cordwalner Bonaventure Inc.

Name of Director	Number and class of shares <i>(Note 1)</i>	Approximate percentage of shareholding	Capacity/ Nature of interest
Chao Ming-Cheng, Eric	113,694 ordinary shares of no par value (L)	11.86% <i>(Note 2)</i>	Beneficial owner and interest of spouse
Chen Lawrence	122,707 ordinary shares of no par value (L)	12.80% <i>(Note 3)</i>	Beneficial owner and interest of spouse
Chi Lo-Jen, Stephen	23,125 ordinary shares of no par value (L)	2.41%	Beneficial owner
Chiang Jeh-Chung, Jack	76,000 ordinary shares of no par value (L)	7.93%	Beneficial owner
Shieh Tung-Pi, Billy	33,756 ordinary shares of no par value (L)	3.52%	Beneficial owner
Shih Takuen, Daniel	6,536 ordinary shares of no par value (L)	0.68%	Beneficial owner

Notes:

1. The letter “L” denotes the Directors’ long position in the shares, or as the case may be, the underlying shares of the associated corporation.
2. This includes about 3.93% of the relevant class of shares issued in Cordwalner Bonaventure Inc. of Mrs. Chao Tracy, the spouse of Mr. Chao Ming-Cheng, Eric, which is deemed to be interested by Mr. Chao Ming-Cheng, Eric for the purpose of Part XV of the SFO.
3. This includes about 4.87% of the relevant class of shares issued in Cordwalner Bonaventure Inc. of Ms. Yang Meng-Chiu, the spouse of Mr. Chen Lawrence, which is deemed to be interested by Mr. Chen Lawrence for the purpose of Part XV of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

As at the Latest Practicable Date, Mr. Chen Lawrence, an executive Director and the chief executive officer of the Company and by virtue of his indirect interests in Sanford, was interested in the transactions contemplated under a tenancy agreement dated 21 May 2007 and entered into between the Group as lessee and Sanford as lessor pursuant which the Group leased an office premises with a gross floor area of 940.18 sq.m. located at 20th Floor, 8 Beihai Road, Huangpu District, Shanghai, the PRC (中國上海黃浦區北海路八號二十層) owned by Sanford at an annual rental of RMB676,920 (exclusive of water and electricity charges, gas fees, maintenance and property fees and other fees in relation to the utilization of the premises) for each of the three years ending 31 December 2009. On 24 November 2009, the Group and Sanford entered into a new tenancy agreement for a three-year term ending on 31 December 2012 at an annual rent of RMB755,000 for each of the three years ending 31 December 2012.

Save as disclosed above, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chen Lawrence, an executive Director and the chief executive officer of the Company, was interested in transactions as contemplated under the Existing Processing Agreement, the New Processing Agreement, the Master Supply Agreement, the Sabina Framework Purchase Agreement, the Sincerely Framework Purchase Agreement, the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement (all defined in the Company's announcement dated 27 November 2009) with the Group by virtue of his interest in each of Huizhou Stella, Ace Opportunity, Sabina, Sincerely, Simona, Sanford and Xintan (all defined in the Company's announcement dated 27 November 2009). Mr. Chen Lawrence, by virtue of his interest in Mountain Gear Ltd., was also interested in transactions as contemplated under a master supply agreement dated 21 August 2009 with Mountain Gear Ltd. for the supply of the footwear products of all brands owned by or licensed to Mountain Gear Ltd. and its subsidiaries by the Group for a term commencing from 21 August 2009 to 31 December 2011, as announced in the Company's announcement dated 26 August 2009.

Save as the aforesaid, none of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the persons (other than a Director or chief executive of the Company) (a) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition and/or subscription which has been agreed or proposed since 31 December 2008, being the date to which the latest audited accounts of the Company have been made up), were as follows:

Name	Company/Name of the member of the Group	Capacity/ Nature of interest	Number of shares (Note)	Approximate percentage of shareholding
Cordwalner Bonaventure Inc.	The Company	Beneficial owner	552,318,992 Shares (L)	69.53%
Andrew Berry	Stellaluna (Thailand) Co., Ltd.	Beneficial owner	29,296 ordinary shares of 100 Baht each (L)	29.9%

Note: The letter "L" denotes the Shareholders' long position in the shares of the Company or the relevant member of the Group.

Save as disclosed herein, there was no person known to any Directors or chief executive of the Company, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any members of the Group which was not determinable by the Company or the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL ADVERSE CHANGE

The Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. COMPETING INTERESTS

Mr. Chen Lawrence, an executive Director and chief executive officer of the Company, is indirectly interested in 45% and approximately 66.7% of the issued share capital of Mountain Gear Ltd. and Ace Opportunity respectively. Both Mountain Gear Ltd. and Ace Opportunity are investment holding companies with their respective subsidiaries principally engaged in the sales and distribution of the footwear products.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would otherwise be required to be disclosed under Rule 8.10 of the Listing Rules if any of such Directors or his associates were a controlling Shareholder.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice contained in this circular:

Name	Qualification
GuocoCapital	a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the Independent Financial Adviser to the Independent Board Committee

GuocoCapital has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, GuocoCapital did not have any shareholding, directly or indirectly, in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter and recommendation given by GuocoCapital are given as of the date of this circular for incorporation herein.

GuocoCapital does not have any interest, direct or indirect, in any assets which since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Simona Framework Purchase Agreement, the Sanford Framework Purchase Agreement and the Xintan Framework Purchase Agreement will be available for inspection at Chiu & Partners, 41st Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from 11 December 2009 up to and including the date of the EGM.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Suites 3003-04, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary is Ms. Kan Siu Yim. Ms. Kan is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (e) The English texts of this circular shall prevail over their respective Chinese texts in case of inconsistency.

NOTICE OF EGM



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Stella International Holdings Limited (the “**Company**”) will be held at the Company’s conference room at Suites 3003-04, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:00 p.m. on Wednesday, 30 December 2009 to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the framework materials sale and purchase agreement in relation to the purchase of tannery (the “**Simona Framework Purchase Agreement**”) dated 21 May 2007 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and entered into between the Company and 興昂制革(惠州)有限公司 (Simona Tannery Co., Ltd.) and to be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012, the transactions contemplated thereby and the expected annual caps of US\$35,000,000, US\$45,000,000 and US\$50,000,000 for each of the three years ending 31 December 2012, respectively, in respect of the transactions contemplated under the Simona Framework Purchase Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the Simona Framework Purchase Agreement or the transactions contemplated thereby.”

* For identification purpose only

NOTICE OF EGM

2. “**THAT** the framework materials sale and purchase agreement in relation to the purchase of sole materials (the “**Sanford Framework Purchase Agreement**”) dated 21 May 2007 (a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification) and entered into between the Company and 東莞興泰鞋材有限公司 (Sanford International Co., Ltd.) and to be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012, the transactions contemplated thereby and the expected annual caps of US\$8,500,000, US\$9,500,000 and US\$10,500,000 for each of the three years ending 31 December 2012, respectively, in respect of the transactions contemplated under the Sanford Framework Purchase Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the Sanford Framework Purchase Agreement or the transactions contemplated thereby.”

3. “**THAT** the framework materials sale and purchase agreement in relation to the purchase of sole materials (the “**Xintan Framework Purchase Agreement**”) dated 21 May 2007 (a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification) and entered into between the Company and 東莞興騰鞋材有限公司 (Dongguan Xintan Footwear Co., Ltd.) and to be automatically renewed for a term of three years from 1 January 2010 to 31 December 2012, the transactions contemplated thereby and the expected annual caps of US\$26,000,000, US\$29,000,000 and US\$32,000,000 for each of the three years ending 31 December 2012, respectively, in respect of the transactions contemplated under the Xintan Framework Purchase Agreement be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the Xintan Framework Purchase Agreement or the transactions contemplated thereby.”

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

Hong Kong, 11 December 2009

NOTICE OF EGM

Registered office:

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

Head office and principal place of

business in Hong Kong:
Suites 3003-04, 30/F, Tower 2
The Gateway, 25 Canton Road
Tsimshatsui, 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 (the “**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 shares 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 of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th 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 or any adjournment thereof.
4. Delivery of an instrument appointing a proxy should 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.

As at the date of this notice, the executive Directors are Mr. Chiang Jeh-Chung, Jack, Mr. Shih Takuen, Daniel, Mr. Chao Ming-Cheng, Eric, Mr. Chen Li-Ming, Lawrence, Mr. Shieh Tung-Pi, Billy and Mr. Chi Lo-Jen, Stephen and the independent non-executive Directors are Mr. Chu Pao-Kuei, Mr. Ng Hak Kim, JP and Mr. Chen Johnny.