



Revenue and Shipment Volume Growth Returns in Q1 2017

* * * * *

Manufacturing revenue and shipment volumes rise 6.8% and 8.5% respectively on higher demand for athleisure footwear and stabilising demand for other products

Hong Kong, April 13, 2017 – Stella International Holdings Limited (“Stella”, or together with its subsidiaries, the “Group”; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited first quarter business update for the three months ended 31 March 2017.

Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	<u>2017</u>	<u>2016</u>
Revenue (US\$ million)		
- Manufacturing	285.7	267.6
- Retail business in China	15.8	13.7
- Retail business in Europe	4.7	3.8
Average selling price per pair (manufacturing) (US\$)	24.8	25.2
Total shipment during the period (mil pairs)	11.5	10.6
No. of retail stores in China (As at 31 March)		
- <i>Stella Luna</i>	182	174
- <i>What For</i>	58	60
- <i>JKJY by Stella</i>	1	3
- <i>Pierre Balmain</i>	-	1

The Group recorded an unaudited consolidated revenue (including the Group’s manufacturing business, China and Europe retail business, inter-segment sales eliminations and other businesses not covered hereof) of approximately US\$307.0 million (2016: US\$279.0 million) for the three months ended 31 March 2017. This represented an increase of approximately 10.0% compared to the unaudited consolidated revenue of the corresponding period of last year.

Revenue from our manufacturing operations rose 6.8% to US\$285.7 million in the three months ended 31 March 2017. Shipment volumes rose 8.5% to 11.5 million pairs during the same period.

The increase in revenue and shipment volumes was mostly attributable to sustainably growing orders for our athleisure products, as well as the stabilisation of demand for our casual and fashion footwear products.

The average selling price of our products dropped slightly to US\$24.8 per pair, which was mostly due to changes to some customers' product mix.

We continued to see more turnaround in our retail business in China, with revenue rising 15.3% to US\$15.8 million during the three months ended 31 March 2017. Same-store sales in China improved by 9.2% (15.1% on a currency neutral basis) during the same period on the strength of the seasonal collections offered by our self-owned brands.

As of 31 March 2017, the Group operated a total of 182 *Stella Luna* stores, 58 *What For* stores and 1 *JKJY by Stella* store in China.

In Europe, our retail business also performed well, with each of self-developed brands steadily building their global presence. Revenue from our European retail business rose 23.7% to US\$4.7 million during the three months ended 31 March 2017. Same-store sales rose 7.7% (10.9% on a currency neutral basis) during the same period.

Looking forward, we expect demand for our footwear products to stabilise further throughout the year. Our retail management team will continue to implement its strategies to turnaround the retail business in China, while also building the global presence of our brands.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "Demand for our athleisure footwear products continued to grow sustainably during the first quarter of the year, while casual and fashion segments are seeing signs of stabilisation, which bodes well for us. Nonetheless, we will continue our efforts on improving efficiency and optimising our manufacturing capacity in order to enhance our profitability and margins."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "While we remain mindful of risks to the health of the global economy, we expect that the actions we are taking to cater for changing consumer tastes, particularly the increasing popularity of athleisure footwear products, will position us well for long-term growth and for delivering returns to our shareholders."

####

For further information, please contact:

Doris Chan

Head of Investor Relations

Email: doris.chan@stella.com.hk