



## Stella Sees Stable Revenue Growth in 2Q 2017

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*Athleisure Continues to Drive Momentum*

Hong Kong, July 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 second quarter business update for the three months and six months ended 30 June 2017.

### **Financial & Operational Highlights:**

	For the three months ended 30 June (Unaudited)		For the six months ended 30 June (Unaudited)	
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Revenue (US\$ million)				
- Manufacturing	<b>431.8</b>	422.0	<b>717.5</b>	689.6
- Retail business in China	<b>19.5</b>	16.3	<b>35.3</b>	30.0
- Retail business in Europe	<b>3.2</b>	2.7	<b>7.9</b>	6.5
Average selling price per pair (manufacturing) (US\$)	<b>27.9</b>	28.5	<b>26.6</b>	27.1
Total shipment during the period (mil pairs)	<b>15.5</b>	14.8	<b>27.0</b>	25.4
No. of retail stores in China (As at 30 June)				
- <i>Stella Luna</i>			<b>182</b>	175
- <i>What For</i>			<b>60</b>	57
- <i>JKJY by Stella</i>			<b>1</b>	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\$454.7 million (2016: US\$435.8 million) and US\$761.7 million (2016: US\$714.8 million) for the three months and six months ended 30 June 2017. This represented an increase of approximately 4.3% and 6.6% respectively as compared to the unaudited consolidated revenue of the corresponding periods for last year.

Revenue from our manufacturing operations rose 2.3% and 4.1% respectively to US\$431.8 million and US\$717.5 million for the three and six months ended 30 June 2017. Shipment volumes rose 4.7% and 6.3% over the same periods to 15.5 million pairs and 27.0 million pairs respectively.

The increase in revenue and shipment volumes was mostly attributable to a low base and growing orders for the Group's athleisure footwear products, as well as generally stable demand for our casual and fashion footwear products during the periods under review.

The average selling price of our footwear products fell 2.1% to US\$27.9 per pair in the three months ended 30 June 2017, which was attributable to changes to customers' product mix.

On 13 July 2017, Max Group exercised its option (the 'Max Option') to acquire a 60% stake in our China retail business. Prior to the exercise of the Max Option, we recorded sales of US\$35.3 million from our China retail business for the period of 1 January 2017 to 30 June 2017, a growth of 17.7% (23.6% on a currency neutral basis), and same-store sales growth for the period was 6.9% (12.5% on a currency neutral basis). As of 30 June 2017, the Group operated a total of 182 *Stella Luna* stores, 60 *What For* stores and 1 *JKJY by Stella* store in China.

We continue to maintain control over our three retail brands – *Stella Luna*, *What For* and *JKJY by Stella*, as well as our retail operations in Europe.

During the six months ended 30 June 2017, revenue from our European retail business rose 21.5% (24.4% on a currency neutral basis) to US\$7.9 million, while same-store sales in Europe rose 11.3% (14.1% on a currency neutral basis) during the same period.

Looking ahead, the one-time effect in the athleisure growth seen in the first six months of 2017 will normalise in the second half of 2017. Meanwhile, recent terrorist attacks around the world and the initiation of official Brexit negotiations may potentially diminish confidence among some of our manufacturing and retail customers. Nevertheless, the Group remains focused on improving our operational efficiencies.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "We are pleased to see more stability in our revenue, volume growth and financial performance during the second quarter. This progressive recovery illustrates the effectiveness of our strategy of meeting rising athleisure orders by using some of our existing non-sports footwear capacity, while also reducing headcounts to better control capacity and costs."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "We expect the business to further stabilise during the second half of the year, while we will continue to maintain our strategy in order to deliver more value to our customers and provide sustainable long-term growth and returns to our shareholders."

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