

[For immediate release]



Restocking supports demand for Stella's products in Q2

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Continued development of global sports fashion segment reinforces competitiveness of Group's range of footwear products

Hong Kong, July 9, 2015 – 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 2015.

Financial & Operational Highlights:

	For the three months ended 30 June (Unaudited)		For the six months ended 30 June (Unaudited)	
	2015	2014	2015	2014
Revenue (US\$ million)				
- Manufacturing	472.6	422.8	758.8	673.6
- Retail business in China	21.0	25.1	38.5	49.3
Average selling price per pair (manufacturing) (US\$)	30.5	30.9	28.5	28.4
Total shipment during the period (mil pairs)	15.5	13.7	26.6	23.7
No. of retail stores in China (As at 30 June)				
- <i>Stella Luna</i>			179	187
- <i>What For</i>			69	96
- <i>JKJY by Stella</i>			5	9
- <i>Pierre Balmain</i>			2	2

The Group recorded an unaudited consolidated revenue (including the Group's manufacturing business, China retail business, inter-segment sales eliminations and other businesses not covered hereof) of approximately US\$499.2 million (2014: US\$447.1 million) and US\$797.2 million (2014: US\$721.0 million) for the three months and six months ended 30 June 2015. This represented an improvement of approximately 11.7% and 10.6% as compared to the unaudited consolidated revenue of the corresponding periods of last year. The rise in revenue was mostly attributable to recovering demand for our footwear products as customers, particularly in the United States and Europe, became positive about the

outlook for their local economies. It also reflects a low base in the corresponding periods of last year as the result of weak economic conditions.

Revenue from the manufacturing business rose 11.8% and 12.7% to US\$472.6 million and US\$758.8 million in the three and six months ended 30 June 2015 respectively. Shipment volumes rose 13.1% and 12.2% over the same periods to 15.5 million pairs and 26.6 million pairs respectively.

The average selling price (“ASP”) of our footwear products fell 1.3% to US\$30.5 per pair in the three months ended 30 June 2015, which was mostly attributable to lower raw material costs, particularly for leather.

The slowing economy in China and subdued consumer sentiment continued to impact our retail business during the three months and six months under review. The performance of our retail business was also affected by the lower number of point of sales present compared to the corresponding periods of last year. We also continued to close underperforming stores and make adjustments to our retail sales and operational strategies during the periods under review.

Sales of our *Stella Luna*, *What For*, *JKJY by Stella* and *Pierre Balmain* branded footwear products (in China only) during the three months and six months under review fell 16.3% and 21.9% respectively to US\$21.0 million and US\$38.5 million, compared to the corresponding periods of last year. Same-store sales fell 15.6% during the six months under review.

As of 30 June 2015, the Group operated 179 *Stella Luna* stores, 69 *What For* stores, 5 *JKJY by Stella* stores and 2 *Pierre Balmain* stores in China.

Looking forward, we still expect that demand for our footwear products will continue to grow in the second half of the year, despite some customers adopting a more cautious approach to orders. Moreover, we are closely monitoring the effect that a possible Greek exit from the Eurozone may have on consumer sentiment, particularly in Europe.

We will continue to implement strict cost controls and efficiency improvement measures in order to preserve our profit margins. We also remain on track towards achieving a targeted expansion of manufacturing capacity by the end of the year. We will also continue to increase the long-term competitiveness of our retail business by approaches including broadening our branding efforts in Europe to grow our brand equity in China.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group’s performance, “We are pleased to see improved demand for our footwear products in the first half of the year, although we are mindful of risks emerging from the Greek debt crisis and deflation in some of our export markets. We will continue to focus on improving the quality of our products and developing our competitive strengths in emerging product segments, such as sports fashion footwear.”

Commenting on the outlook for the Group’s businesses, Mr. Jack Chiang, Chairman of the Group, said, “Despite some emerging risks, we expect Stella will continue to benefit from further consolidation in the footwear industry, as well as from the on-going outsourcing trends by western footwear brands. Our focus remains on delivering value to our customers and shareholders, as well as sustainable long-term returns.”

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