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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)

BUSINESS UPDATE OF THE GROUP FOR THE FIRST QUARTER OF 2013

The board (the “Board”) of directors (the “Directors”) of Stella International Holdings Limited (the “Company”) is pleased to update the business development of the Company and its subsidiaries (collectively, the “Group”) for the first quarter of 2013. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

TOTAL CONSOLIDATED REVENUE

For the three months ended 31 March 2013, the unaudited consolidated revenue of the Group (including the Group’s manufacturing business, China retail business as mentioned below, inter-segment sales eliminations and other businesses not covered hereof) was approximately US\$291.3 million, representing a growth of approximately 6.0% as compared to the unaudited consolidated revenue of approximately US\$274.8 million for the same period of last year. The increase in consolidated revenue is mostly attributable to the resilient performance of the Group’s overall business.

Looking forward, the Group will continue to shift its manufacturing capacity to locations with labour and cost advantages, including its new facilities in inland China and South-East Asia, as well as to expand into new businesses such as leather goods. The Group will also evaluate expanding its manufacturing capacity to new locations, such as Bangladesh, to further optimise production allocation. The Group remains optimistic about the medium-to-long term growth potential for mid-to-upper tier footwear products in China and will continue to refine its store network in China in order to secure its future competitiveness.

* For identification purposes only

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and average selling price (“ASP”) in relation to the manufacturing business of the Group for the three months ended 31 March 2013 is shown in the table below:

	For the three months ended 31 March (Unaudited)		Change
	2013	2012	(%)
Revenue (<i>US\$ million</i>)	267.3	258.3	3.5
Quantity (<i>million pairs</i>)	11.1	10.5	5.7
Average Selling Price (<i>US\$/pair</i>)	24.1	24.7	-2.4

The rise in shipment volumes in the three months ended 31 March 2013 was primarily due to the continued ramp-up of the Group’s new manufacturing facilities in inland China and Indonesia, which helped to remove the temporary capacity constraints during the corresponding period of last year.

The decline in the Group’s ASP in the three months ended 31 March 2013 was mostly attributable to lower raw material prices, which were partially off-set by further recognition of the quality of the Group’s products and improvement to product mix.

RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group’s retail operations in China for the three months ended 31 March 2013, as well as the number of retail stores operated by the Group in China as of 31 March 2013 is shown in the table below:

	For the three months ended 31 March (<i>US\$ million</i>) (Unaudited)		Growth
	2013	2012	(%)
Revenue	28.9	24.1	19.9
Same-stores-sales	23.3	21.4	8.9
	As at 31 March		Increase
Number of Stores	2013	2012	
<i>Stella Luna</i> stores	209	196	13
<i>What For</i> stores	181	177	4
<i>JKJY by Stella</i> stores	9	—	9
<i>Pierre Balmain</i> stores	2	—	2

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

Hong Kong, 11 April 2013

As at the date of this announcement, the executive Directors are Mr. Chiang Jeh-Chung, Jack, Mr. Shih Takuen, Daniel, 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 and Mr. Yue Chao-Tang, Thomas.