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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 SECOND QUARTER OF 2015

The board (the “Board”) of directors (the “Directors”) of Stella International Holdings Limited (the “Company”) is pleased to provide an update on the business development of the Company and its subsidiaries (collectively, the “Group”) for the second quarter of 2015. This announcement is made pursuant to Rule 13.09(2)(a) 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 and six months ended 30 June 2015, 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\$499.2 million (2014: US\$447.1 million) and US\$797.2 million (2014: US\$721.0 million respectively). This represented increases of approximately 11.7% and 10.6%, as compared to the corresponding periods of 2014.

Looking forward, the Group expects that demand for its footwear products will continue to grow in the second half of the year, despite some customers adopting a more cautious approach to orders. The Group is also closely monitoring the effect that a possible Greek exit from the Eurozone may have on the consumer sentiment, particularly in Europe.

The Group will continue to implement strict cost controls and efficiency improvement measures in order to preserve its profit margins. It remains on track towards achieving a targeted expansion of manufacturing capacity by the end of the year. The Group will also continue to increase the long-term competitiveness of its retail business by approaches including broadening its branding efforts in Europe.

* *For identification purpose 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 and six months ended 30 June 2015 is shown in the table below:

	For the three months			For the six months		
	ended 30 June		Change	ended 30 June		Change
	(Unaudited)			(Unaudited)		
	2015	2014	(%)	2015	2014	(%)
Revenue (<i>US\$ million</i>)	472.6	422.8	11.8	758.8	673.6	12.7
Quantity (<i>million pairs</i>)	15.5	13.7	13.1	26.6	23.7	12.2
Average Selling Price (<i>US\$/pair</i>)	30.5	30.9	-1.3	28.5	28.4	0.4

The increase in shipment volumes for the three months ended 30 June 2015 was mostly attributable to recovering demand for the Group’s footwear products.

The fall in ASP for the three months and six months ended 30 June 2015 was mostly attributable to lower raw material costs, particularly for leather.

RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group’s retail operations in China for the three months and six months ended 30 June 2015, together with the number of retail stores operated by the Group in China as of 30 June 2015, is shown in the table below:

	For the three months			For the six months		
	ended 30 June		Change	ended 30 June		Change
	<i>(US\$ million)</i>			<i>(US\$ million)</i>		
	2015	2014	(%)	2015	2014	(%)
Revenue	21.0	25.1	-16.3	38.5	49.3	-21.9
Same-store-sales	18.5	21.3	-13.1	32.9	39.0	-15.6

	As at 30 June		Change
	2015	2014	
Number of Stores			
<i>Stella Luna stores</i>	179	187	-8
<i>What For stores</i>	69	96	-27
<i>JKJY by Stella stores</i>	5	9	-4
<i>Pierre Balmain stores</i>	2	2	0

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

Hong Kong, 9 July 2015

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