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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 2011**

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 2011. This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

TOTAL CONSOLIDATED REVENUE

For the three months ended 31 March 2011, the unaudited consolidated revenue of the Group (including the Group’s manufacturing business and China retail business as mentioned below, inter-segment sales eliminations and other businesses not covered hereof) was approximately US\$272.9 million, representing a growth of approximately 21.5% as compared to the unaudited consolidated revenue of approximately US\$224.7 million for the same period of last year. The increase in consolidated revenue is mostly attributed to ongoing growth in the Group’s manufacturing business and the impressive performance of its retail business.

Looking forward, the Group expects its order book to remain at close to full capacity during the rest of this year and will continue to implement its production expansion strategy into inland areas of China in order to secure a stable and quality workforce and contain costs. The Group will also continue to implement its plans to expand its Vietnam manufacturing facilities, while expanding its foothold in Indonesia. Operations are expected to be largely unaffected by the recent natural disasters in Japan and conflicts in the Middle East.

The Group’s retail business continued to perform very strongly in the first three months of 2011, allowing the Group to further improve its overall revenue mix. Throughout the rest of this year, the Group will continue to pursue more growth through store expansions, increased same-store sales and space expansions. The Group will also actively consider opportunities to further expand the Group’s overall revenue mix by introducing new brand names into its retail business.

* 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 ended 31 March 2011 respectively is shown in the table below:

	For the three months ended		Change (%)
	31 March (Unaudited) 2011	2010	
Revenue (US\$ million)	266.9	212.0	25.9
Quantity (million pairs)	12.4	11.5	7.8
Average Selling Price (US\$/pair)	21.6	18.5	16.8

The increase in ASP for the three months ended 31 March 2011 is mostly attributable to a combination of rising input costs and further recognition of the quality of Stella’s products. The Group’s order book ran at close to full capacity during the period.

RETAIL BUSINESS IN CHINA

An analysis of the unaudited revenue in relation to the Group’s retail operations in China for the three months ended 31 March 2011, as well as the number of retail stores operated by the Group in China as of 31 March 2011 is shown in the table below:

	For the three months ended		Growth (%)
	31 March (US\$ million) (Unaudited) 2011	2010	
Revenue	17.2	13.0	32.3
Same-stores-sales	9.8	8.1	21.0
	As at 31 March		Increase
	2011	2010	
Number of Stores			
<i>Stella Luna</i> stores	149	123	26
<i>What For</i> stores	145	104	41

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

Hong Kong, 11 April 2011

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. Chu Pao-Kuei, Mr. Ng Hak Kim, JP, Mr. Chen Johnny and Mr. Bolliger Peter.