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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 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 second 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 and six months ended 30 June 2011, 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\$394.0 million and US\$667.9 million respectively, representing a growth of approximately 23.2% and 22.7% as compared to the unaudited consolidated revenue of approximately US\$319.8 million and US\$544.5 million respectively for the same periods of last year. The increase in total consolidated revenue is mostly attributed to the Group’s ongoing efforts to rationalise its manufacturing operations and progressively expand its production to facilities located in inland areas of China.

The increase in revenue is also attributable to the strong performance of the Group’s retail business in the second quarter, with its recent Spring and Summer collection ensuring that the Group remained continually engaged with its customers. In May 2011, the Group entered into joint venture agreements with Balmain Asia Limited for the sale and distribution of PIERRE BALMAIN footwear in China and other markets. Under the joint venture agreement, the Group plans to open retail stores for PIERRE BALMAIN footwear in major cities across China.

Looking forward, the Group expects to further expand its production capacity as it brings its inland manufacturing facilities online, while demand for the Group’s customised footwear products is expected to remain strong. It does not expect its operations to be significantly affected by the slowing US economic recovery, the European debt crisis or the ongoing effects of the recent Japanese calamities.

\* *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 2011 is shown in the table below:

	For the six months ended 30 June (Unaudited)			For the three months ended 30 June (Unaudited)		
	2011	2010	Growth (%)	2011	2010	Growth (%)
Revenue ( <i>US\$ million</i> )	<b>644.2</b>	516.6	24.7	<b>377.3</b>	304.6	23.9
Quantity ( <i>million pairs</i> )	<b>26.0</b>	24.3	7.0	<b>13.6</b>	12.8	6.3
Average Selling Price ( <i>US\$/pair</i> )	<b>24.8</b>	21.3	16.7	<b>27.7</b>	23.8	16.4

The increases in ASP in the three months and six months ended 30 June 2011 compared with the corresponding periods last year was mostly attributable to a combination of rising input costs and further recognition of the quality of Stella’s products. The Group’s order book was close to full capacity during both periods.

## 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 2011, as well as the number of retail stores operated by the Group in China as of 30 June 2011 are shown in the table below:

	For the six months ended 30 June <i>US\$ million</i> (Unaudited)			For the three months ended 30 June <i>US\$ million</i> (Unaudited)		
	2011	2010	Growth (%)	2011	2010	Growth (%)
Revenue	<b>41.7</b>	26.3	58.6	<b>24.4</b>	13.4	82.1
Same-stores-sales	<b>23.3</b>	17.0	37.1	<b>13.5</b>	8.9	51.7
<b>Number of stores</b>			<b>As at 30 June</b>			<b>Increase</b>
			<b>2011</b>	2010		
<i>Stella Luna</i> stores			<b>160</b>	135		25
<i>What For</i> stores			<b>156</b>	116		40

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

Hong Kong, 14 July 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, SBS, JP, Mr. Chen Johnny and Mr. Bolliger Peter.*