Athleisure Products Continued to Support Stella's Growth

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Shipment volumes rose by 4.1% and manufacturing revenue declined by 2.5% in the three months ended 30 September 2017

Hong Kong, 17 October 2017 – 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 third quarter business update for the three months and the nine months ended 30 September 2017.

Financial & Operational Highlights:

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	2017	2016	**2017**	2016
Revenue (US$ million)*				
- Manufacturing	**443.5**	454.9	**1,161.0**	1,144.5
- Retail business in Europe	**4.8**	3.4	**12.7**	9.9
Average selling price per pair (manufacturing) (US$)	**29.2**	31.2	**27.5**	28.6
Total shipment during the period (mil pairs)	**15.2**	14.6	**42.2**	40.0

*The Group also recorded revenue of US$36.5 million from its retail business in China from 1 January 2017 until 19 July 2017, on which date the acquisition by Max Branding Limited of 60% interests in the Group's PRC retail business was completed and the relevant companies ceased to be subsidiaries of the Company.

The Group recorded an unaudited consolidated revenue (including the Group's manufacturing business, China and Europe retail businesses, inter-segment sales eliminations and other businesses not covered hereof) of approximately US$452.4 million (2016: US$475.3 million) and US$1,214.1 million (2016: US$1,192.8 million) for the three months and nine months ended 30 September 2017. This represented a decrease of approximately 4.8% and an increase of approximately 1.8% as compared to the unaudited consolidated revenue for the corresponding periods of last year.

Revenue from our manufacturing operations fell by 2.5% to US$443.5 million and rose by 1.4% to US$1,161.0 million in the three and nine months ended 30 September 2017 respectively. Shipment volumes rose by 4.1% to 15.2 million pairs and by 5.5% to 42.2 million pairs respectively over the same periods, as compared to the corresponding periods of last year.

The increases in revenue and shipment volumes for the nine months ended 30 September 2017 were mostly attributed to growing demand for our fashion athletic products, although the growth rate gradually normalised in the three months ended 30 September 2017. The increase in revenue and shipment volumes for the nine months ended 30 September 2017 was also attributable to stabilising demand for our casual and fashion footwear products.

The average selling price (“ASP”) of our footwear products fell by 6.4% to US$29.2 per pair in the three months ended 30 September 2017 due to changes to our customers’ product mix.

During the nine months ended 30 September 2017, revenue from our European retail business – under our three retail brands, *Stella Luna*, *What For* and *JKJY by Stella* – rose by 28.3% (28.0% on a currency neutral basis) to US$12.7 million, while same-store sales in Europe rose by 18.2% (20.0% on a currency neutral basis) during the same period.

Looking forward, we expect orders for our fashion athletic products to continue to grow at a normalised pace. While we are cautiously optimistic about the future demand environment, we will closely monitor potential external risks, particularly the escalation of tensions between the U.S. and North Korea, the formal commencement of Brexit negotiations, as well as growing calls for more trade protectionism in some markets, including the push by some parts of the U.S. government to introduce import tariffs on Chinese-made goods.

We will also continue to expand our directly owned retail store network in Europe and other markets going forward, as well as our commitment to developing the global profile and desirability of our *Stella Luna*, *What For* and *JKJY by Stella* brands (which we continue to control and for which we remain the exclusive manufacturer).

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group’s performance, “We are pleased to see a further improvement in shipment volumes as we continue to benefit from our strategy to enhance efficiency and utilization within our manufacturing business, while providing more value to our customers.”

Commenting on the outlook for the Group’s businesses, Mr. Jack Chiang, Chairman of the Group, said, “While our order book remains satisfactory, we do not see the external environment changing in the short-term, meaning that numerous risks affecting global consumer sentiment remain. However, barring an outbreak of military conflict or a trading war, we are well prepared to tackle most challenges that may arise thanks to the proactive steps that we are continuing to take to improve our manufacturing business.”

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