[For immediate release]

Demand for New Footwear Products and Higher Shipment Volumes Protect Stella's Profitability in 2015

* * * * *

Revenue up 6.4% during the year under review; shipment volumes up 9.6%

Hong Kong, 23 March, 2016 – **Stella International Holdings Limited** ("Stella" or the "Group"; SEHK: 1836), a leading developer, manufacturer and retailer of quality footwear and leather goods products, today announced its audited annual results for the year ended 31 December 2015.

Financial & Operational Highlights:

	For the year ended 31 December		Change (%)
(US$'000)	**2015**	**2014**	
Turnover	**1,769,852**	1,663,091	6.4
Gross profit	**371,630**	348,758	6.6
Profit before taxation	**128,745**	135,811	-5.2
Profit attributable to equity holders of the Company	**121,047**	120,701	0.3
Basic earnings per share (US$)	**0.153**	0.152	0.7
GP margin (%)	**21.0**	21.0	N/A
NP margin (%)	**6.8**	7.3	-0.5 ppt
Average selling price ("ASP") per pair (US$)	**29.3**	29.6	-1.0
Total shipment during the year (mn pairs)	**58.2**	53.1	9.6
No. of retail stores	**335**	332	3 stores

Results Summary

The Group's consolidated revenue for the year ended 31 December 2015 rose 6.4% to US$1,769.9 million, with shipment volumes rising 9.6% to 58.2 million pairs. This was primarily attributable to increasing demand for some of our new footwear products, particularly sports fashion footwear. The positive result was also attributable to growing orders from our North American customers.

Gross profit across all business segments in the twelve months ended 31 December 2015 rose 6.6% to US$371.6 million as a result the higher revenue and shipment volumes. Full year net profit attributable to equity holders of the Company rose 0.3% to US$121.0 million, despite a one-off expense of US$11.6 million incurred for the closure of one of our manufacturing facilities in Dongguan, China.

The average selling price ('ASP') of our footwear products fell a slight 1.0% to US$29.3 per pair as a result of lower raw material costs and changes to our product mix. Our gross profit margin for the year remained similar to last year at 21.0%, while net profit margin fell to 6.8%.

We are pleased to announce a final dividend of HK55 cents per share. Together with the interim dividend of HK30 cents per share paid, our total dividend pay-out ratio for 2015 was almost 71.5%.

Mr. Lawrence Chen, Chief Executive Officer of the Group, said, "Although 2015 was a volatile year for the global economy and for Stella, we have benefited from the prudent steps taken over the past few years to protect our competitive advantages and deliver continuous value to our customers. This includes the successful development of new footwear products that closely match emerging trends in the market. This forward thinking is reflected in our bottom line."

Improving Utilization of Capacity at New Manufacturing Facilities

We have been steadily diversifying and optimising our manufacturing base since 2007 in order to secure the stable workforce required to deliver the level of quality demanded by our customers and to maintain our reputation for delivering 'Italian shoes made in China by Stella'. This has led us to open new manufacturing facilities in China's inland provinces and in South-East Asia over the past few years.

During the year under review, the workforces at our new manufacturing facilities have made tremendous strides in increasing manufacturing efficiency and capacity utilisation, as well as in attaining the level of skill and quality standards needed to develop more complex footwear products. This has enabled us to shift more and more of our manufacturing capacity to these locations, as well as to expand our overall capacity to 62 million pairs per year, without any compromise in quality.

During the year under review, women's fashion footwear continued to be our largest segment, contributing 39.5% of total revenue, while contributions from our women's and men's casual footwear segments were 24.4% and 22.0% respectively. The contribution from our men's fashion footwear segment was 9.6%.

Geographically, North America and Europe continued to be our two largest markets, accounting for 52.8% and 26.2% of total revenue during the year under review. This was followed by the PRC (including Hong Kong), which accounted for 12.6%, Asia (other than the PRC), which accounted for 6.4% and other geographical regions, which accounted for 2.0%.

Emerging 'Athleisure' Trend Becoming a Growth Driver

We have continued to invest in our state-of-the-art design, research and development centres in Dongguan, China and Venice, Italy in order to further differentiate ourselves from our competitors and expand our range of quality, value-adding footwear products. This included expanding our range of fashion sneakers – a product segment that is being increasingly demanded by our customers in response to the growing global 'Athleisure'. It is now a key growth driver for our manufacturing business.

Our long history of providing cost-efficient yet extremely high quality footwear products to luxury and high-end brands, as well as casual sneakers to other brands, puts us in a unique position to cater to this trend.

Growing Global Market Share Within Higher-Quality Footwear Segments

Over many years, Stella has built an unparalleled reputation for 'Italian quality', flexibility and research and development capabilities. This ensures that we attract a higher ASP than the industry average.

Our share of the global premium footwear market grew to around 11.6% in the year ended 31 December 2015, compared to the combined 74.8% global market share of Italian, Spanish and Portuguese manufacturers - Europe's main high-end producers. This growth was mainly attributable to the further expansion of our brand portfolio as we added new customers during the year under review, as well as the continued decline of shoe production volumes in some locations such as Italy.

We expect our global market share to be supported further by the signing of the Trans-Pacific Partnership trade agreement in February 2016, which should boost our global competitiveness by greatly reducing entry barriers into the United States market, particularly for our footwear products manufactured in Vietnam. High labour costs and aging labour forces will also continue to contribute to the declining market share of European manufacturers, while simultaneously increasing the attractiveness of our footwear products.

Implementation of Multiple Strategies for the Retail Business

We continued to push forward our retail optimisation strategy, which includes the use of more online platforms to clear off-season merchandise, the selective opening of new standalone stores in high-potential shopping mall locations and the addition of more points-of-sales in Europe.

Despite our effort on retail optimisation, our retail business encountered a number of headwinds in 2015, including slowing economic growth in China and unseasonable weather, particularly in the second half of the year. These challenging conditions were the main contributors to the 19.5% decline in retail revenue during the year under review to US$80.3 million. The challenging conditions were also partially responsible for the 18.9% fall in same-store sales (in China only) to US$70.9 million during the year under review, along with the shift of off-season merchandise sales from department stores to online platforms. Our retail business suffered a net loss of US$3.6 million during the year under review.

As of 31 December 2015, we operated a total 209 *Stella Luna* stores, 117 *What For* stores, 7 *JKJY by Stella* stores and 2 *Pierre Balmain* stores globally.

Mr. Stephen Chi, CEO of the Group's retail business, said, "Our new, highly experienced retail management team is currently rolling out a number of changes to our day-to-day operations in order to support our turnaround strategy. Key to this effort will be transferring the brand equity we have built up in Europe – a bright spot for our retail business – back to China. We are also currently working together with leading retailers around the world on new initiatives to boost the global visibility of our brands."

Future Plans & Prospects

We expect some of our customers will adopt a cautious attitude to orders in the coming year in response to uncertainties in many parts of the global economy. However, we remain cautiously optimistic about seeing a gradual pick-up in orders, particularly for certain segments such as sports fashion footwear products.

With these conditions in mind, we will continue to implement strict cost controls and efficiency improvement measures in order to safeguard our ability to meet narrow shipment windows, as well as maintain our competitive advantages and ability to add value for our customers. We will also continue to invest in our research and development capabilities in order to improve and extend our range of innovative footwear.

With our new manufacturing facilities in inland China and South-East Asia now reaching high quality and efficiency standards, as well as higher capacity utilisation, we recently made the decision to close one of our factories in Dongguan – a move that has been planned for some time. We expect that the closure will have no impact on our overall capacity and our ability to meet orders. We remain committed to maintaining a long-term presence in the Pearl River delta, with our research and development centre and most of the manufacturing capacity for our fashion footwear products remaining in Dongguan.

For the retail business, we will continue to focus on a number of measures to improve future performance. This includes further expanding our presence in Europe to grow the global value of our brands. We also plan to refresh and refurbish some of our older stores in China in order to boost same-store sales, while continuing to open a select number of standalone stores and shop-in-shops in high-potential locations.

Mr. Jack Chiang, Chairman of the Group, concluded, "Our focus remains on finding effective ways to overcome some of the prevailing risks that remain present in 2016. However, we are confident that as long as Stella is able to provide the level of quality, craftsmanship and value to our manufacturing and retail customers that we are famous for, our future will always be assured."

####

For further information, please contact:

Jenny Wu
Investor Relations Manager
Email: jenny.wu@stella.com.hk

Consolidated Income Statement
For the year ended 31 December, 2015

	For the year ended 31 December	
	2015	2014
	US$'000	US$'000
Revenue	**1,769,852**	1,663,091
Cost of sales	**(1,398,222)**	(1,314,333)
Gross profit	**371,630**	348,758
Other income	**17,670**	12,265
Other gains and losses	**(2,319)**	(4,754)
Distribution and selling expenses	**(99,863)**	(92,691)
Administrative expenses	**(98,194)**	(75,133)
Research and development costs	**(59,888)**	(52,644)
Share of result of a joint-venture	**90**	-
Share of results of associates	**247**	351
Finance costs	**(628)**	(341)
Profit before taxation	**128,745**	135,811
Income tax expense	**(8,594)**	(15,566)
Profit for the year	**120,151**	120,245
Attributable to:		
Owners of the Company	**121,047**	120,701
Non-controlling interests	**(896)**	(456)
	120,151	120,245
Earnings per share - Basic (US$)	**0.153**	0.152