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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 2012**

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 2012. 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 2012, 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\$274.8 million, representing a slight increase of approximately 1% as compared to the unaudited consolidated revenue of US\$272.9 million for the same period of last year. The increase in consolidated revenue is mostly due to the satisfactory performance of the Group’s retail business in China, which was partially offset by temporary effects on the Group’s manufacturing capacity. These included the rationalisation of the Group’s production base, the termination of one trade processing factory in Dongguan and the control of overtime labour hours, in accordance with our long term strategy.

Looking forward, the Group expects the demand for its customised footwear products to remain stable in 2012, despite challenges in some export markets. The Group’s high position in the value chain will be further enhanced as the Group upgrades its manufacturing capacity and capabilities in South East Asia, while shifting and expanding manufacturing capacity in its new Guangxi and Hunan facilities.

The Group’s retail business performed resiliently in the first three months of 2012. Mainland China will remain the Group’s primary focus for expanding its retail business this year as it targets the country’s growing numbers of mid-to-upper class consumers. The Group also plans to open its first stores for its new in-house label, *JKJY*, in the second quarter of this year. It also plans to take its retail brands global this year, opening its first *Stella Luna* store in Paris.

* 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 2012 is shown in the table below:

	For the three months ended 31 March (Unaudited)		Change
	2012	2011	(%)
Revenue (<i>US\$ million</i>)	258.3	266.9	-3.2
Quantity (<i>million pairs</i>)	10.5	12.4	-15.3
Average Selling Price (<i>US\$/pair</i>)	24.7	21.6	14.4

The fall in shipment volumes in the three months ended 31 March 2012 was mostly due to economy uncertainties, as well as a temporary shortfall in capacity due to the rationalisation of the Group’s production base, the termination of one trade processing factory in Dongguan and the control of overtime labour hours.

The rise in the Group’s ASP in the three months ended 31 March 2012 was mostly attributable to the inflation of input costs, further recognition of the quality of the Group’s footwear products, as well as ongoing improvements to its product mix.

RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group’s retail operations in China for the three months ended 31 March 2012, as well as the number of retail stores operated by the Group in China as of 31 March 2012 is shown in the table below:

	For the three months ended 31 March (<i>US\$ million</i>) (Unaudited)		Growth
	2012	2011	(%)
Revenue	24.1	17.2	40.1
Same-stores-sales	15.4	13.2	16.7
	As at 31 March		Increase
	2012	2011	
Number of Stores			
<i>Stella Luna</i> stores	196	149	47
<i>What For</i> stores	177	145	32

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

Hong Kong, 12 April 2012

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.