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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 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 second 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 and six months ended 30 June 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\$409.6 million and US\$684.4 million respectively, representing a growth of approximately 2.9% and 1.8% as compared to the same periods of last year. The increase in total consolidated revenue is mostly attributed to the resilient performance of the Group’s retail business, which continued to offset temporary capacity constraints on production caused by 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.

The Group expects to further rationalise our manufacturing base in the second half of the year, ramping up additional manufacturing capacity in our new Guangxi, Hunan and South-East Asian facilities. This is expected to coincide with a pick-up in demand for our fashion footwear products in the second half of the year.

The Group’s retail business has performed well this year and continued to expand our network of stores in China, including the opening of three stores under the Group’s new *JKJY* brand in Shanghai and Beijing. The Group will continue to expand our retail business in China in the second half of the year to capture the growing demand for high quality and fashionable footwear. The Group also plans to take our retail brands global this year and open our 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 and six months ended 30 June 2012 is shown in the table below:

| | For the six months ended 30 June (Unaudited) | | Change (%) | For the three months ended 30 June (Unaudited) | | Change (%) |
|-----------------------------------|--|-------|------------|--|-------|------------|
| | 2012 | 2011 | | 2012 | 2011 | |
| Revenue (US\$ million) | 637.2 | 644.2 | -1.1 | 378.9 | 377.3 | 0.4 |
| Quantity (million pairs) | 22.9 | 26.0 | -11.9 | 12.4 | 13.6 | -8.8 |
| Average Selling Price (US\$/pair) | 27.9 | 24.8 | 12.5 | 30.5 | 27.7 | 10.1 |

The fall in shipment volumes for the three months and six months ended 30 June 2012 is mostly attributed to a slowdown in global demand and the temporary capacity constraints on production 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 ASP for the three months and six months ended 30 June 2012 is 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 the Group’s 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 and six months ended 30 June 2012, as well as the number of retail stores operated by the Group in China as of 30 June 2012 is shown in the table below:

| | For the six months ended 30 June (Unaudited) | | Growth (%) | For the three months ended 30 June (Unaudited) | | Growth (%) |
|---------------------------|--|------|------------|--|-------------|-----------------|
| | 2012 | 2011 | | 2012 | 2011 | |
| Revenue | 54.6 | 41.7 | 30.9 | 30.5 | 24.4 | 25.0 |
| Same-stores-sales | 33.6 | 30.9 | 8.7 | 18.2 | 17.7 | 2.8 |
| Number of stores | | | | As at 30 June | | Increase |
| | | | | 2012 | 2011 | |
| <i>Stella Luna</i> stores | | | | 203 | 160 | 43 |
| <i>What For</i> stores | | | | 186 | 156 | 30 |
| <i>JKJY</i> stores | | | | 3 | – | 3 |

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

Hong Kong, 12 July 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. Chen Johnny and Mr. Bolliger Peter.