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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 THIRD 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 third 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 nine months ended 30 September 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\$490.2 million (2011: US\$466.1 million) and US\$1,174.6 million (2011: US\$1,138.2 million) respectively, representing a growth of approximately 5.2% and 3.2% as compared to the same periods of last year. The increase in total consolidated revenue is mostly attributed to the Group’s solid relationship with customers, the rationalisation of its manufacturing operations and high recognition of its high-value footwear products.

Looking forward, the Group expects demand for its customised footwear products to remain steady throughout the rest of the year despite uncertain economic conditions, as the Group continues to improve the quality of its products. The Group will also further expand production capacity at its inland China and South-East Asian facilities in order to take advantage of the more favourable labour and cost conditions and to overcome current capacity shortfalls.

Despite the recent slowdown, the Group remains optimistic of the medium-to-long term growth potential of the Chinese footwear market. In order to maximise the retail business’ ability to tap this long-term growth, the Group is gradually refining its store network in China.

The Group also plans to open its first *Stella Luna* store in Paris in the fourth quarter of the year.

* For identification purpose only

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and average selling price in relation to the manufacturing business of the Group for the three months and nine months ended 30 September 2012 is shown in the table below:

| | For the nine months ended 30 September (Unaudited) | | Change | For the three months ended 30 September (Unaudited) | | Change |
|--|--|---------|--------|---|-------|--------|
| | 2012 | 2011 | (%) | 2012 | 2011 | (%) |
| Revenue (<i>US\$ million</i>) | 1,117.4 | 1,099.7 | 1.6 | 480.2 | 455.5 | 5.4 |
| Quantity (<i>million pairs</i>) | 37.5 | 40.3 | -6.9 | 14.6 | 14.3 | 2.1 |
| Average Selling Price (<i>US\$/pair</i>) | 29.8 | 27.3 | 9.2 | 32.9 | 31.8 | 3.5 |

Average selling price for both the three months and nine months ended 30 September 2012 grew as compared with the respective corresponding period of 2011, which was mostly attributable to the inflation of input costs, further recognition of the quality of the Group's footwear products from our customers, as well as continuous improvements to the Group's product mix.

The capacity constraints faced by the Group earlier this year was alleviated in the third quarter. Shipment volumes grew 2.1% to 14.6 million pairs in the third quarter, while down 6.9% to 37.5 million pairs in the nine months ended 30 September 2012 as compared with the respective corresponding periods of 2011.

RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group's retail operations in China for the three months and nine months ended 30 September 2012, as well as the number of retail stores operated by the Group in China as of 30 September 2012 is shown in the table below:

| | For the nine months ended 30 September <i>US\$ million</i> (Unaudited) | | Change | For the three months ended 30 September <i>US\$ million</i> (Unaudited) | | Change |
|-----------------------------|--|------|--------|---|------|----------|
| | 2012 | 2011 | (%) | 2012 | 2011 | (%) |
| Revenue | 77.8 | 63.2 | 23.1 | 23.3 | 21.5 | 8.4 |
| Same-stores-sales | 47.1 | 45.5 | 3.5 | 13.5 | 14.7 | -8.2 |
| Number of Stores | | | | As at 30 September | | Increase |
| | | | | 2012 | 2011 | |
| <i>Stella Luna</i> stores | | | | 212 | 178 | 34 |
| <i>What For</i> stores | | | | 189 | 166 | 23 |
| <i>JKJY</i> stores | | | | 6 | — | 6 |
| <i>Pierre Balmain</i> store | | | | 1 | — | 1 |

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

Hong Kong, 18 October 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, Mr. Bolliger Peter and Mr. Chan Fu Keung, William.