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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 FOURTH 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 fourth quarter of 2012. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

TOTAL CONSOLIDATED REVENUE

For the three months and year ended 31 December 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\$375.2 million (2011: US\$354.0 million) and US\$1,549.8 million (2011: US\$1,494.5 million) respectively, representing a growth of approximately 6.0% and 3.7% as compared to the corresponding periods of last year. The increase in total consolidated revenue is attributable to the solid performance of the Group’s manufacturing business.

Our retail business remained steady during the period under review, which saw the opening of our first *Stella Luna* store in Paris in December 2012. The Group plans to open retail stores in other European fashion capitals within the next five years.

Looking forward, we expect sustained demand for our products despite uncertainties in the global economy. We will maintain our long-term strategy for optimising our manufacturing operations by shifting production to inland areas of China and South-East Asia. We will also continue to refine our retail store network in China to better capture growing demand for affordable luxury footwear in China.

* *For identification purposes 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 year ended 31 December 2012 is shown in the table below:

	For the three months ended 31 December (Unaudited)		Change (%)	For the year ended 31 December (Unaudited)		Change (%)
	2012	2011		2012	2011	
Revenue (<i>US\$ million</i>)	336.7	323.3	4.1	1,454.1	1,423.0	2.2
Quantity (<i>million pairs</i>)	13.3	12.3	8.1	50.8	52.6	-3.4
Average Selling Price (<i>US\$/pair</i>)	25.3	26.3	-3.8	28.6	27.1	5.5

Shipment volumes rose 8.1% to 13.3 million pairs for the three months ended 31 December 2012, while down 3.4% to 50.8 million pairs for the year ended 31 December 2012, as compared with the respective corresponding periods of last year.

ASP fell during the three months ended 31 December 2012 as compared with the corresponding period of last year, due to falling prices of raw materials. However, there was an increase in ASP for the year ended 31 December 2012 as compared with the year ended 31 December 2011, which was mostly attributable to overall input cost inflation, further recognition of the quality of the Group’s footwear products, as well as continuous 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 year ended 31 December 2012, as well as the number of retail stores operated by the Group in China as of 31 December 2012, is shown in the table below:

	For the three months 31 December <i>US\$ million</i> (Unaudited)		Change (%)	For the year ended 31 December <i>US\$ million</i> (Unaudited)		Change (%)
	2012	2011		2012	2011	
Revenue	38.6	31.8	21.4	116.4	95.1	22.4
Same-stores-sales	21.0	21.1	-0.5	68.1	66.6	2.3
Number of Stores				As at 31 December 2012	2011	Increase
<i>Stella Luna</i> stores				211	194	17
<i>What For</i> stores				184	182	2
<i>JK JY</i> stores				9	—	9
<i>Pierre Balmain</i> stores				2	—	2

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

Hong Kong, 11 January 2013

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. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William and Mr. Yue Chao-Tang, Thomas.