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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 2013**

The board (the “Board”) of directors (the “Directors”) of Stella International Holdings Limited (the “Company”) is pleased to provide an update on the business development of the Company and its subsidiaries (collectively, the “Group”) for the third quarter of 2013. This announcement is made pursuant to Rule 13.09(2)(a) 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 nine months ended 30 September 2013, 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\$473.3 million (2012: US\$490.2 million) and US\$1,169.2 million (2012: US\$1,174.6 million) respectively, representing a fall of approximately 3.5% and approximately 0.5% respectively as compared to the corresponding periods of last year.

Looking forward, the Group expects demand for its footwear products to be subdued as brand customers continue to adopt a cautious approach to inventory as a result of unseasonal weather in the United States and Europe, slow economic growth and uncertainty around events such as the recent government shutdown in the United States. The Group will continue to focus on improving quality and productivity while implementing strict cost-controls in order to fulfill customer expectation and partially offset rising cost pressure.

The Group will also continue to prudently refine and optimise its retail store network during the rest of 2013 to support its future competitiveness. The Group also intends to further bolster the global positioning of its brands by opening its first *What For* store in the Le Marais district of Paris by the end of the year. The Group also plans to open a second *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 nine months ended 30 September 2013 is shown in the table below:

	For the three months ended 30 September (Unaudited)		Change (%)	For the nine months ended 30 September (Unaudited)		Change (%)
	2013	2012		2013	2012	
Revenue ( <i>US\$ million</i> )	<b>455.9</b>	480.2	-5.1	<b>1,096.6</b>	1,117.4	-1.9
Quantity ( <i>million pairs</i> )	<b>14.3</b>	14.6	-2.1	<b>38.1</b>	37.5	1.6
Average Selling Price ( <i>US\$/pair</i> )	<b>31.9</b>	32.9	-3.0	<b>28.8</b>	29.8	-3.4

The fall in shipment volumes for the three months ended 30 September 2013 was mostly attributable to slower demand from the Group’s brand customers during the period. The increase in shipment volumes for the nine months ended 30 September 2013 was mostly attributable to the progressive ramp-up of capacity at the Group’s new production facilities in inland China and Indonesia.

The fall in ASP for the three and nine months ended 30 September 2013 was mostly attributable to falling raw material costs and the relocation of some capacity to the Group’s new production facilities.

## RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group’s retail operations in China for the three and nine months ended 30 September 2013, together with the number of retail stores operated by the Group in China as of 30 September 2013, is shown in the table below:

	For the three months ended 30 September ( <i>US\$ million</i> ) (Unaudited)		Growth (%)	For the nine months ended 30 September ( <i>US\$ million</i> ) (Unaudited)		Growth (%)
	2013	2012		2013	2012	
Revenue	<b>25.3</b>	23.3	8.6	<b>83.7</b>	77.8	7.6
Same-store-sales	<b>19.0</b>	17.7	7.3	<b>65.6</b>	64.7	1.4
<b>Number of stores</b>				<b>As at 30 September</b>		<b>Change</b>
				<b>2013</b>	<b>2012</b>	
<i>Stella Luna</i> stores				<b>203</b>	212	-9
<i>What For</i> stores				<b>140</b>	189	-49
<i>JKJY by Stella</i> stores				<b>12</b>	6	6
<i>Pierre Balmain</i> stores				<b>2</b>	1	1

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

Hong Kong, 17 October 2013

*As at the date of this announcement, the executive Directors are Mr. Chiang Jeh-Chung, Jack, 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.*