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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 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 fourth 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 year ended 31 December 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\$370.6 million (2012: US\$375.2 million) and US\$1,539.8 million (2012: US\$1,550.0 million) respectively, representing a decline of approximately 1.2% and approximately 0.7% respectively as compared to the corresponding periods of last year.

Looking forward, the Group expects its brand customers to continue adopting a conservative approach to inventory due to subdued demand from consumers and uneven rates of economic recovery. To counter these challenges, the Group will continue to focus on smoothing the shift of manufacturing capacity into inland areas of China and Indonesia, improving productivity, and maintaining strict cost-controls to protect its profit margins. The Group will also continue to focus on product and service quality to maintain its long-term relationships with its brand customers and to ensure that it is well positioned for demand recovery in the future.

The Group will also continue to prudently refine and optimise its retail store network to support its future competitiveness. In December 2013, it introduced its first European *What For* store in Le Marais district of Paris, France. The new Paris store is also part of the global rebranding of *What For*, which is being progressively rolled-out by the Group.

\* *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 year ended 31 December 2013 is shown in the table below:

	For the three months ended 31 December (Unaudited)			For the year ended 31 December (Unaudited)		
	2013	2012	Change (%)	2013	2012	Change (%)
Revenue ( <i>US\$ million</i> )	339.2	336.7	0.7	1,435.8	1,454.1	-1.3
Quantity ( <i>million pairs</i> )	12.7	13.3	-4.5	50.8	50.8	-
Average Selling Price ( <i>US\$/pair</i> )	26.7	25.3	5.5	28.3	28.6	-1.1

The fall in shipment volumes in the three months ended 31 December 2013 was mostly attributable to the slow recovery of consumer sentiment in the United States and Europe, despite moderate economic recovery in both regions. Shipment volumes for the year ended 31 December 2013 remained steady as the Group continued to ramp-up capacity at its new production facilities in inland China and Indonesia.

The rise in ASP in the three months ended 31 December 2013 was partially attributable to rising raw material costs during the period. Despite the rise in ASP towards the end of 2013, the overall ASP decreased in the year ended 31 December 2013 which was mostly attributable to falling raw material costs over the twelve month period as compared to the corresponding period of last year, as well as the relocation of some capacity to the Group’s new production facilities in inland China and Indonesia.

## 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 2013, together with the number of retail stores operated by the Group in China as of 31 December 2013, is shown in the table below:

	For the three months ended 31 December ( <i>US\$ million</i> ) (Unaudited)			For the year ended 31 December ( <i>US\$ million</i> ) (Unaudited)		
	2013	2012	Change (%)	2013	2012	Change (%)
Revenue	33.9	38.6	-12.2	117.6	116.4	1.0
Same-store-sales	25.9	27.5	-5.8	81.7	81.7	-
<b>Number of stores</b>				<b>As at 31 December</b>		<b>Change</b>
				<b>2013</b>	<b>2012</b>	
<i>Stella Luna</i> stores				196	211	-15
<i>What For</i> stores				116	184	-68
<i>JKJY by Stella</i> stores				13	9	4
<i>Pierre Balmain</i> stores				2	2	-

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

Hong Kong, 13 January 2014

*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.*