

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2014**

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 second quarter of 2014. 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 six months ended 30 June 2014, 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\$447.1 million (2013: US\$404.6 million) and US\$721.0 million (2013: US\$695.9 million) respectively. This represented an improvement of approximately 10.5% and 3.6%, as compared to the corresponding periods of last year. The rise in revenue was mostly attributable to improving consumer sentiment and a gradual recovery in demand for the Group’s footwear products.

Looking forward, the Group expects that demand for its footwear products will continue to recover, although growth in shipments may be uneven. It also expects more of its customers to begin restocking their inventories in-line with improving economic conditions.

The Group will continue to maintain cost controls within its manufacturing business and take further steps to improve productivity, efficiency and utilisation at its production facilities, particularly in inland China and Indonesia, in order to safeguard the Group’s profitability. The Group will also take additional steps as needed to further optimise its retail business in China, while also expanding the marketing of its retail brands in Europe.

\* *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 2014 is shown in the table below:

	For the three months ended 30 June (Unaudited)		Change (%)	For the six months ended 30 June (Unaudited)		Change (%)
	2014	2013		2014	2013	
	Revenue (US\$ million)	422.8		373.4	13.2	
Quantity (million pairs)	13.7	12.7	7.9	23.7	23.8	-0.4
Average Selling Price (US\$/pair)	30.9	29.4	5.1	28.4	26.9	5.6

The increase in shipment volumes in the three months ended 30 June 2014 was mostly attributable to improving consumer sentiment and a gradual recovery in demand for the Group’s footwear products.

The rise in ASP in the three months and six months ended 30 June 2014 was mostly attributable to rising input costs.

## 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 2014, together with the number of retail stores operated by the Group in China as of 30 June 2014, is shown in the table below:

	For the three months ended 30 June (US\$ million) (Unaudited)		Change (%)	For the six months ended 30 June (US\$ million) (Unaudited)		Change (%)
	2014	2013		2014	2013	
	Revenue	25.1		29.5	-14.9	
Same-store-sales	21.8	23.9	-8.8	42.3	46.3	-8.6
			<b>As at 30 June</b>			<b>Change</b>
			<b>2014</b>	<b>2013</b>		
<b>Number of stores</b>						
<i>Stella Luna</i> stores			<b>187</b>	207	-20	
<i>What For</i> stores			<b>96</b>	166	-70	
<i>JKJY by Stella</i> stores			<b>9</b>	10	-1	
<i>Pierre Balmain</i> stores			<b>2</b>	2	-	

The fall in revenue and same-stores sales was mostly attributable to the ongoing consolidation of our retail business, as well as weakening economic growth and consumer confidence in China.

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

Hong Kong, 10 July 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, BBS and Mr. Yue Chao-Tang, Thomas.*