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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 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 fourth 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 year ended 31 December 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\$393.4 million (2013: US\$370.6 million) and US\$1,660.1 million (2013: US\$1,539.8 million) respectively. This represented an improvement of approximately 6.2% and 7.8%, as compared to the corresponding periods of 2013.

Looking forward, the Group will continue to closely monitor how rising wages, higher employer benefits and continued labour turnover impacts its manufacturing business. On the demand side, the Group expects the operating environment in the first half of 2015 to remain challenging as customers adopt a cautious approach to inventory purchase. The operating environment may improve in the second half of 2015 if there is economic recovery in the United States and some parts of Europe that provides more confidence to retailers. The Group will also continue to explore the feasibility and growth potential of new businesses, such as the design and manufacture of quality leather goods and accessories.

The operating environment for the Group’s retail business in China also remains highly uncertain, with consumer confidence likely to be contained for some time. The Group will continue to take steps to secure the long-term competitiveness of its retail business, including broadening its branding effort 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 year ended 31 December 2014 is shown in the table below:

	For the three months ended 31 December (Unaudited)		Change (%)	For the year ended 31 December (Unaudited)		Change (%)
	2014	2013		2014	2013	
	Revenue ( <i>US\$ million</i> )	370.2		339.2	9.1	
Quantity ( <i>million pairs</i> )	13.6	12.7	7.1	53.1	50.8	4.5
Average Selling Price ( <i>US\$/pair</i> )	27.2	26.7	1.9	29.6	28.3	4.6

Shipment volumes for the three months ended 31 December 2014 returned to more normal levels.

The rise in ASP for the three months and year ended 31 December 2014 was mostly attributable to rising input costs, particularly leather.

## 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 2014, together with the number of retail stores operated by the Group in China as of 31 December 2014, is shown in the table below:

	For the three months ended 31 December ( <i>US\$ million</i> ) (Unaudited)		Change (%)	For the year ended 31 December ( <i>US\$ million</i> ) (Unaudited)		Change (%)
	2014	2013		2014	2013	
	Revenue	23.4		33.9	-31.0	
Same-store-sales	20.0	27.1	-26.2	71.7	85.1	-15.7
<b>Number of stores</b>				<b>As at 31 December</b>		<b>Change</b>
				<b>2014</b>	<b>2013</b>	
<i>Stella Luna</i> stores				176	196	-20
<i>What For</i> stores				79	116	-37
<i>JKJY by Stella</i> stores				4	13	-9
<i>Pierre Balmain</i> stores				1	2	-1

Despite significant challenges, the Group’s retail business in China remained profitable at an operational level during the periods under review following a change in operational strategy. However, sales revenue and same-store sales further declined due to weakening economic growth and consumer sentiment, as well as adjustments made to the Group’s merchandising strategy.

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

Hong Kong, 9 January 2015

*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.*