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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 2015**

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 2015. 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 2015, 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\$396.6 million (2014: US\$393.4 million) and US\$1,762.8 million (2014: US\$1,660.1 million) respectively. This represented an improvement of approximately 0.8% and 6.2%, respectively, as compared to the corresponding periods of 2014.

Looking forward, the Group expects to be affected by reduced confidence among some customers after a disappointing year for many parts of the retail industry. However, the Group continues to expect a gradual pick-up in orders, as well as improved utilisation at its production facilities in inland China and South-East Asia, in-line with the growing global demand for sports fashion footwear products. The Group’s retail business in China will continue to face a difficult operating environment in 2016, particularly in the first half of the year following a warmer than expected start to winter.

Despite these challenges, the Group is confident that improving efficiency and utilisation at its manufacturing facilities and the ongoing implementation of strict cost controls and efficiency improvement measures will continue to support its profitability. The Group also remains committed to building its retail business for the long-term by opening a small number of new standalone stores in quality locations and through its ongoing branding efforts 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 2015 is shown in the table below:

	For the three months ended 31 December (Unaudited)			Change (%)	For the year ended 31 December (Unaudited)			Change (%)
	2015	2014			2015	2014		
Revenue (<i>US\$ million</i>)	389.2	370.2	5.1	1,705.0	1,571.9	8.5		
Quantity (<i>million pairs</i>)	14.9	13.6	9.6	58.2	53.1	9.6		
Average Selling Price (<i>US\$/pair</i>)	26.1	27.2	-4.0	29.3	29.6	-1.0		

The Group continued to attract higher shipment orders in the three months and year ended 31 December 2015 as a result of increased demand for sports fashion footwear products.

The fall in ASP for the three months and year ended 31 December 2015 was attributable to lower raw material costs, particularly for 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 2015, together with the number of retail stores operated by the Group in China as of 31 December 2015, 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 (%)
	2015	2014			2015	2014		
Revenue	17.0	23.4	-27.4	70.9	92.5	-23.4		
Same-store-sales	15.0	19.1	-21.5	55.3	68.2	-18.9		
				As at 31 December			Change	
				2015	2014			
Number of stores								
<i>Stella Luna stores</i>				177	176		1	
<i>What For stores</i>				61	79		-18	
<i>JKJY by Stella stores</i>				3	4		-1	
<i>Pierre Balmain stores</i>				2	1		1	

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

Hong Kong, 15 January 2016

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.