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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 2016**

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 2016. 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 ended 31 December 2016 and the year ended 31 December 2016, 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\$356.2 million (2015: US\$396.6 million) and US\$1,549.0 million (2015: US\$1,762.8 million) respectively. This represented a decline of approximately 10.2% and 12.1% respectively, as compared to the unaudited consolidated revenue of the corresponding periods of last year.

Looking forward, the Group expects demand for its footwear products to stabilise in the first half of 2017, due to continued economic recovery in the United States. The Group will also continue to benefit from ongoing improvements in operational efficiency.

The Group will also focus on building the long-term competitiveness of its retail business by selectively opening new standalone stores in high-potential locations in China, expanding its presence in Europe and working with leading global retailers and department stores to expand the availability of its retail brands worldwide.

\* *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 ended 31 December 2016 and the year ended 31 December 2016 is shown in the table below:

	For the three months ended 31 December			For the year ended 31 December		
	(Unaudited)		Change	(Unaudited)		Change
	2016	2015	(%)	2016	2015	(%)
Revenue ( <i>US\$ million</i> )	<b>342.0</b>	389.2	-12.1	<b>1,486.5</b>	1,705.0	-12.8
Quantity ( <i>million pairs</i> )	<b>12.9</b>	14.9	-13.4	<b>52.9</b>	58.2	-9.1
Average Selling Price ( <i>US\$/pair</i> )	<b>26.5</b>	26.1	1.5	<b>28.1</b>	29.3	-4.1

The fall in revenue and shipment volumes was mostly attributable to the continued weakness in orders for the Group’s casual footwear products.

The stabilisation in the ASP of the Group’s footwear products was mostly attributable to the change in its product mix.

## RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group’s retail operations in China for the three months ended 31 December 2016 and the year ended 31 December 2016, together with the number of retail stores operated by the Group in China as of 31 December 2016, is shown in the table below:

	For the three months ended 31 December			For the year ended 31 December		
	<i>(US\$ million)</i> (Unaudited)		Change	<i>(US\$ million)</i> (Unaudited)		Change
	2016	2015	(%)	2016	2015	(%)
Revenue	<b>19.7</b>	17.0	15.9	<b>68.5</b>	70.9	-3.4
Same-store-sales	<b>15.0</b>	13.4	11.9	<b>50.2</b>	53.5	-6.2
				<b>As at 31 December</b>		<b>Change</b>
				<b>2016</b>	<b>2015</b>	
<b>Number of stores</b>						
<i>Stella Luna stores</i>				<b>185</b>	177	8
<i>What For stores</i>				<b>57</b>	61	-4
<i>JKJY by Stella stores</i>				<b>1</b>	3	-2
<i>Pierre Balmain stores</i>				<b>-</b>	2	-2

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

Hong Kong, 13 January 2017

*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.*