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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 SECOND QUARTER OF 2017

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 2017. 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 30 June 2017 and the six months ended 30 June 2017, the unaudited consolidated revenue of the Group (including the Group’s manufacturing business, China and Europe retail business as mentioned below, inter-segment sales eliminations and other businesses not covered hereof) was approximately US\$454.7 million (2016: US\$435.8 million) and approximately US\$761.7 million (2016: US\$714.8 million) respectively, representing an increase of approximately 4.3% and approximately 6.6%, as compared to the corresponding periods of 2016.

Looking ahead, the one-time effect in the athleisure growth seen in the first six months of 2017 will normalise in the second half of 2017. Meanwhile, recent terrorist attacks around the world and the initiation of official Brexit negotiations may potentially diminish confidence among some of our manufacturing and retail customers. Nevertheless, the Group remains focused on improving operational efficiencies.

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and average selling price in relation to the manufacturing business of the Group for the three months ended 30 June 2017 and the six months ended 30 June 2017 is shown in the table below:

	For the three months ended 30 June (Unaudited)		Change (%)	For the six months ended 30 June (Unaudited)		Change (%)
	2017	2016		2017	2016	
Revenue (<i>US\$ million</i>)	431.8	422.0	2.3	717.5	689.6	4.1
Quantity (<i>million pairs</i>)	15.5	14.8	4.7	27.0	25.4	6.3
Average Selling Price (<i>US\$/pair</i>)	27.9	28.5	-2.1	26.6	27.1	-1.9

* For identification purpose only

The increase in revenue and shipment volumes in the three months ended 30 June 2017 and the six months ended 30 June 2017 was mostly attributable to a low base and growing orders for the Group's athleisure footwear products, as well as generally stable demand for its casual and fashion footwear products during the periods under review.

The slight drop in the average selling price in the three months ended 30 June 2017 and the six months ended 30 June 2017 was attributable to changes to customers' 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 30 June 2017 and the six months ended 30 June 2017, together with the number of retail stores operated by the Group in China as of 30 June 2017, 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 (%)
	2017	2016			2017	2016		
	Revenue	19.5	16.3		19.6	35.3	30.0	
Same-store-sales	14.7	14.1	4.3	26.3	24.6	6.9		
	As at 30 June							
				2017	2016		Change	
Number of stores								
<i>Stella Luna</i> stores				182	175		7	
<i>What For</i> stores				60	57		3	
<i>JKJY by Stella</i> stores				1	1		–	

RETAIL BUSINESS IN EUROPE

An analysis of the revenue in relation to the Group's retail operations in Europe for the three months ended 30 June 2017 and the six months ended 30 June 2017 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 (%)
	2017	2016			2017	2016		
	Revenue	3.2	2.7		18.1	7.9	6.5	
Same-store-sales	0.5	0.4	13.9	0.9	0.7	11.3		

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

Hong Kong, 13 July 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, Mr. Yue Chao-Tang, Thomas and Mr. Lian Jie.