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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 THIRD 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 third 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 and nine months ended 30 September 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\$452.4 million (2016: US\$475.3 million) and US\$1,214.1 million (2016: US\$1,192.8 million) respectively, representing a decrease of approximately 4.8% and an increase of approximately 1.8%, as compared to the corresponding periods of 2016.

Looking forward, the Group expects orders for our fashion athletic products to continue to grow at a normalised pace. While the Group is cautiously optimistic about the future demand environment, we will closely monitor potential external risks, particularly the escalation of tensions between the U.S. and North Korea, the formal commencement of Brexit negotiations, as well as growing calls for more trade protectionism in some markets, including the push by some parts of the U.S. government to introduce import tariffs on Chinese-made goods.

* *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 and nine months ended 30 September 2017 is shown in the table below:

	For the three months ended 30 September			For the nine months ended 30 September		
	(Unaudited) 2017	2016	Change (%)	(Unaudited) 2017	2016	Change (%)
Revenue (<i>US\$ million</i>)	443.5	454.9	-2.5	1,161.0	1,144.5	1.4
Quantity (<i>million pairs</i>)	15.2	14.6	4.1	42.2	40.0	5.5
Average Selling Price (<i>US\$/pair</i>)	29.2	31.2	-6.4	27.5	28.6	-3.8

The increases in revenue and shipment volumes for the nine months ended 30 September 2017 were mostly attributed to growing demand for the Group’s fashion athletic products, although the growth rate gradually normalised in the three months ended 30 September 2017. The increase in revenue and shipment volumes for the nine months ended 30 September 2017 was also attributable to stabilising demand for the Group’s casual and fashion footwear products.

The lower ASP of the Group’s footwear products was due to changes to our customers’ product mix.

RETAIL BUSINESS IN CHINA

The Group recorded revenue of US\$36.5 million from its retail operations in China from 1 January 2017 until 19 July 2017, on which date the acquisition by Max Branding Limited of 60% interests in the Group’s PRC retail business was completed and the relevant companies ceased to be subsidiaries of the Company.

RETAIL BUSINESS IN EUROPE

An analysis of the revenue in relation to the Group’s retail operations in Europe for the three and nine months ended 30 September 2017 is shown in the table below:

	For the three months ended 30 September			For the nine months ended 30 September		
	(<i>US\$ million</i>) (Unaudited) 2017	2016	Change (%)	(<i>US\$ million</i>) (Unaudited) 2017	2016	Change (%)
Revenue	4.8	3.4	41.2	12.7	9.9	28.3
Same-store-sales	0.4	0.3	33.3	1.3	1.1	18.2

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

Hong Kong, 17 October 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.