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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 FIRST QUARTER OF 2018**

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 first quarter of 2018.

**TOTAL CONSOLIDATED REVENUE**

For the three months ended 31 March 2018, the unaudited consolidated revenue of the Group (including the Group’s manufacturing business, branding business as mentioned below, inter-segment sales eliminations and other businesses not covered hereof) was approximately US\$294.6 million, representing a decrease of approximately 4.0% as compared to the unaudited consolidated revenue of approximately US\$307.0 million<sup>1</sup> for the corresponding period of last year.

Looking forward, the Group expects demand for its fashion products to recover further during the rest of the year, while demand for our fashion athletic will follow a more normal long-to-medium term growth path and remain the Group’s primary growth driver, notwithstanding temporary shocks such as tariff threats.

\* *For identification purpose only*

<sup>1</sup> The unaudited consolidated revenue for the three months ended 31 March 2017 included revenue of US\$15.8 million from the Group’s former China retail business. The relevant companies are no longer subsidiaries of the Company.

## 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 March 2018 is shown in the table below:

	For the three months ended 31 March		Change (%)
	(Unaudited) 2018	2017	
Revenue ( <i>US\$ million</i> )	<b>287.4</b>	285.7	0.6
Quantity ( <i>million pairs</i> )	<b>12.4</b>	11.5	7.8
Average Selling Price ( <i>US\$/pair</i> )	<b>23.2</b>	24.8	-6.5

The increase in shipment volumes was attributed to the ongoing recovery in demand for the Group’s fashion footwear products, increased seasonal ordering activity for its casual footwear products and normalised ordering activity for its fashion athletic footwear products.

The lower ASP of the Group’s footwear products was due to changes to its product mix, as well as its customers’ product mix.

## BRANDING BUSINESS

An analysis of the revenue in relation to the Group’s branding business, which mostly consists of its retail operations in Europe, for the three months ended 31 March 2018 is shown in the table below:

	For the three months ended 31 March		Change (%)
	( <i>US\$ million</i> ) (Unaudited) 2018	2017	
Revenue	<b>5.2</b>	4.7	10.6
Same-stores-sales	<b>0.7</b>	0.6	16.7

## UNITED STATES BANKRUPTCY PROTECTION OF A CUSTOMER

The Group was informed on 7 April 2018 that Nine West Holdings Inc. (“**Nine West**”) and certain of its affiliates filed for bankruptcy protection (the “**Chapter 11 Cases**”) under Chapter 11 of the United States (“**US**”) Bankruptcy Code on 6 April 2018 (the “**Petition Date**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). So far as the Directors understand, Nine West will operate during its Chapter 11 Cases as a “debtor-in-possession,” which means that Nine West will continue to operate its business subject to the oversight of the bankruptcy court in its ordinary course. Based on information available to the Company, through the Chapter 11 Cases, Nine West plans to sell its footwear and handbags business and execute a turnaround strategy to focus on its other businesses. As a consequence of the filing of the Chapter 11 Cases, creditors, such as the Group, are stayed from collection of debts arising prior to the Petition Date, and litigations against Nine West are stayed and put on hold pending further order of the Bankruptcy Court.

Nine West is one of the Group’s customers for its footwear products, contributed approximately 2.8% of the Group’s total revenue for the year ended 31 December 2017. As at the date of this announcement, the outstanding trade receivables owed by Nine West amounted to approximately US\$10.7 million (which amount is subject to reconciliation).

The Group is currently seeking legal advice for the recovery of the outstanding trade receivables and for protection in respect of ongoing supplies of the Group’s products to Nine West. While it is doubtful as to whether the Group can fully recover the entire outstanding trade receivables owed by Nine West, the Directors are of the view that the filing of the Chapter 11 Cases would not have a material adverse impact on the results and business operation of the Group, given that (i) the Group has insured against the credit risk of its counterparties and it is expected that part of the outstanding trade receivables can be recovered from insurance; (ii) taking into account the insurance coverage and the financial position of the Group, the amount of the total outstanding trade receivables is not material to the Group’s overall asset position and profitability; (iii) while it is expected that the Group will continue to supply its footwear products to Nine West, sales to Nine West had been insignificant to the Group’s overall revenue; (iv) the Group will continue to closely monitor the terms of sales of its products to Nine West so as to secure payment for its future sales with Nine West; and (v) the Group will make an effort to supply its products to the new purchaser of Nine West’s footwear and handbags business.

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

Hong Kong, 12 April 2018

*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.*