Stella Maintains Performance in 3Q on Increasing Demand for Sports Fashion Footwear

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Total revenue rises 7.9% in the nine months ended 30 September 2015

Hong Kong, October 15, 2015 – Stella International Holdings Limited ("Stella", or together with its subsidiaries, the "Group"; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited third quarter business update for the three months and nine months ended 30 September 2015.

Financial & Operational Highlights:

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	2015	2014	**2015**	2014
Revenue (US$ million)				
- Manufacturing	**557.0**	528.1	**1,315.8**	1,201.7
- Retail business in China	**15.4**	19.8	**53.9**	69.1
Average selling price per pair (manufacturing) (US$)	**33.2**	33.4	**30.4**	30.4
Total shipment during the period (mil pairs)	**16.8**	15.8	**43.3**	39.5
No. of retail stores in China (As at 30 September)				
- *Stella Luna*			**179**	181
- *What For*			**66**	82
- *JKJY by Stella*			**4**	7
- *Pierre Balmain*			**2**	1

The Group recorded an unaudited consolidated revenue (including the Group's manufacturing business, China retail business, inter-segment sales eliminations and other businesses not covered hereof) of approximately US$569.0 million (2014: US$545.7 million) and US$1,366.2 million (2014: US$1,266.7 million) for the three months and nine months ended 30 September 2015. This represented an improvement of approximately 4.3% and 7.9% as compared to the unaudited consolidated revenue of the corresponding periods of last year. The rise in revenue was mostly attributable to the increasing demand for sports fashion footwear, as well as the ramping-up of orders by some customers.

Revenue from the manufacturing business rose 5.5% and 9.5% to US$557.0 million and US$1,315.8 million in the three and nine months ended 30 September 2015 respectively. Shipment volumes rose 6.3% and 9.6% over the same periods to 16.8 million pairs and 43.3 million pairs respectively, with some orders being delayed until the fourth quarter of 2015 after some customers adopted a more cautious stance to the changing global macroeconomic environment.

The average selling price ("ASP") of our footwear products fell 0.6% to US$33.2 per pair in the three months ended 30 September 2015. The decrease was due to falling raw material prices, especially for leather.

Our retail business in China continued to be challenged by slowing economic growth and subdued retail sentiment. Sales of our *Stella Luna*, *What For*, *JKJY by Stella* and *Pierre Balmain* branded footwear products (in China only) during the three months and nine months under review fell 22.2% and 22.0% respectively to US$15.4 million and US$53.9 million, compared to the corresponding periods of last year. Same-store sales fell 18.1% during the nine months under review.

As of 30 September 2015, the Group operated 179 *Stella Luna* stores, 66 *What For* stores, 4 *JKJY by Stella* stores and 2 *Pierre Balmain* stores in China.

Looking forward, we expect orders for our footwear products will pick-up further towards the end of this year and the beginning of 2016, as our customers continue to expand their global presence and as demand for sports fashion footwear continues to grow. Order levels will also be supported by greater efficiency and improved utilisation at our production facilities in inland China and South-East Asia. We cautiously expect shipment volumes to reach 58 million pairs by the end of 2015.

We will continue to implement strict cost controls and efficiency improvement measures to preserve our profitability. This includes placing a renewed focus on leveraging our competitive strengths to pursue new promising product segments, such as sports fashion footwear. We also remain committed to building the long-term growth of our retail business with the opening of new standalone stores and shops-in-shops in quality locations. We will also continue to boost our branding efforts in Europe to further grow the value of our brands among Chinese consumers.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "We are pleased that demand for our footwear products has continued to hold up in the U.S. and China markets, despite the slowdown in the global economy and recent instability in global markets. We cautiously expect that this demand will remain stable in the coming periods. We will continue to focus on delivering quality and innovation in order to further grow our business."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "A number of external risks remain that could affect the medium-term demand for our products, including China's continued economic slowdown and uncertainty around the possible impact of a U.S. interest rate hike. However, there are also a number of positive factors that will support our long-term growth, including the recent successful conclusion of negotiations for the Trans-Pacific Partnership, which will greatly support demand for our products manufactured in Vietnam. We will continue to monitor and proactively react to all of these events in order to safeguard our competitiveness and returns to shareholders."

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