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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 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 fourth 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 year ended 31 December 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\$357.2 million (2016: US\$356.2 million) and US\$1,571.3 million (2016: US\$1,549.0 million) respectively, representing an increase of 0.3% and 1.4% respectively, as compared to the corresponding periods of 2016.

Looking forward, the Group remains cautiously optimistic about the health of the shipment volume recovery. It will continue to closely monitor whether buoyant consumer sentiment in the U.S. and most parts of Europe will support a broader recovery. The Group will also closely monitor potential risks posed by ongoing consolidation among footwear brands, the shift of end-sales to online platforms, as well as geopolitical factors such as growing calls for trade protectionism, U.S.-North Korea tensions and Brexit.

* *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 and year ended 31 December 2017 is shown in the table below:

	For the three months ended 31 December			For the year ended 31 December		
	(Unaudited)		Change	(Unaudited)		Change
	2017	2016	(%)	2017	2016	(%)
Revenue (<i>US\$ million</i>)	349.3	342.0	2.1	1,510.3	1,486.5	1.6
Quantity (<i>million pairs</i>)	14.4	12.9	11.6	56.6	52.9	7.0
Average Selling Price (<i>US\$/pair</i>)	24.3	26.5	-8.3	26.7	28.1	-5.0

The increase in revenue and shipment volumes, particularly in the three months ended 31 December 2017, was attributable to a recovery in demand for the Group’s casual and fashion footwear products. Volume growth for the Group’s fashion athletic products continued to normalise in the three months ended 31 December 2017 and was the primary contributor to growth in the year ended 31 December 2017. The new contribution from high-end customers in the fashion athletic segment is still in early phase, but will provide good foundation for the Group’s future growth.

The lower ASP of the Group’s footwear products was due to changes to its product mix, as well as 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 to 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 months and year ended 31 December 2017 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
	2017	2016	(%)	2017	2016	(%)
Revenue	2.9	2.4	20.8	15.6	12.3	26.8
Same-store-sales	0.4	0.3	33.3	1.7	1.4	21.4

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

Hong Kong, 12 January 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.