

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2019**

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 2019.

**TOTAL CONSOLIDATED REVENUE**

For the three months and nine months ended 30 September 2019, the unaudited consolidated revenue <sup>1</sup> of the Group was approximately US\$449.3 million (2018: US\$471.3 million) and US\$1,199.9 million (2018: US\$1,209.4 million) respectively, representing a decrease of 4.7% and 0.8% respectively as compared to the corresponding periods of last year.

The decrease in sales for the periods under review was mostly attributed to the Group’s strategic focus on margin improvement over shipment volume growth, as well as the restructuring and consolidation of its retail operations within its branding business.

Looking forward, the Group expects to see a continued increase in shipment volumes for its fashion sports footwear throughout the rest of 2019, while it will continue to focus on improving the performance of its fashion and casual footwear businesses. Average selling price (“ASP”) of the Group’s products for the rest of 2019 is expected to remain stable depending on the Group’s product mix and its customers’ product mix.

The Group will continue to prioritise its margin expansion by enhancing its production efficiency while further re-allocating its production capacity from China to South East Asia and by ramping-up its new manufacturing facility in Vietnam, as well as by managing its product mix.

\* *For identification purpose only*

<sup>1</sup> Includes the Group’s manufacturing business, branding business and other businesses not covered hereof, and after eliminations of inter-segment sales.

## MANUFACTURING BUSINESS

An analysis of the revenue, quantity and ASP in relation to the manufacturing business of the Group for the three months and nine months ended 30 September 2019 is shown in the table below:

	For the three months ended			For the nine months ended		
	30 September (Unaudited) 2019	2018	Change (%)	30 September (Unaudited) 2019	2018	Change (%)
Revenue ( <i>US\$ million</i> )	<b>447.9</b>	455.2	-1.6	<b>1,190.4</b>	1,176.4	1.2
Quantity ( <i>million pairs</i> )	<b>16.1</b>	16.1	-	<b>45.6</b>	45.1	1.1
Average Selling Price ( <i>US\$/pair</i> )	<b>27.8</b>	28.2	-1.4	<b>26.1</b>	26.1	-

The Group continued to see robust ordering activity for its fashion sports footwear and stable demand for its fashion footwear. However, revenue growth in the three and nine months ended 30 September 2019 was mostly flat due to a high base effect and the Group's focus on margin improvement over shipment volume growth. Global trade frictions did not have any material impact on the Group's operations during the periods under review.

The year-on-year movements in overall ASP for the three months and nine months ended 30 September 2019 were mostly flat, with the Group continuing to make changes to its product mix and customer mix during the periods under review.

## 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 and nine months ended 30 September 2019 is shown in the table below:

	For the three months ended			For the nine months ended		
	30 September ( <i>US\$ million</i> ) (Unaudited) 2019	2018	Change (%)	30 September ( <i>US\$ million</i> ) (Unaudited) 2019	2018	Change (%)
Revenue	<b>0.7</b>	4.8	-85.4	<b>6.6</b>	14.0	-52.9
Same-store-sales	<b>0.7</b>	0.6	16.7	<b>1.5</b>	2.0	-25.0

Sales during the periods under review were impacted by the restructuring and consolidation of the Group's retail operations in Europe.

By order of the Board  
**Stella International Holdings Limited**  
**Chen Li-Ming, Lawrence**  
*Chairman*

Hong Kong, 17 October 2019

*As at the date of this announcement, the executive Directors are Mr. Chen Li-Ming, Lawrence and Mr. Chi Lo-Jen; the non-executive Directors are Mr. Chiang Jeh-Chung, Jack and Mr. Chao Ming-Cheng, Eric; and the independent non-executive Directors are Mr. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, BBS, Mr. Yue Chao-Tang, Thomas, Mr. Lian Jie and Ms. Shi Nan Sun.*