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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 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Stella International Holdings Limited (the “**Company**”) would like to provide an update on the business development of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter of 2022 on a voluntary basis.

TOTAL CONSOLIDATED REVENUE

For the three months ended 31 December 2022, the Group’s unaudited consolidated revenue¹ decreased by approximately 15.4% to US\$343.3 million (2021: US\$405.8 million) due to a high base effect with the Group’s manufacturing business running at full utilisation rate during the same period of last year despite the high level of COVID infections in southern Vietnam. For the twelve months ended 31 December 2022, the Group’s unaudited consolidated revenue increased by approximately 5.9% to US\$1,631.0 million (2021: US\$1,540.6 million).

¹ Including the Group’s manufacturing business, branding business and other businesses not covered herein, and after elimination of inter-segment sales.

* For identification purpose only

MANUFACTURING BUSINESS

An analysis of the revenue, shipment volume and average selling price (“ASP”) in relation to the manufacturing business of the Group for the three months and twelve months ended 31 December 2022 is shown in the table below:

	For the three months			For the twelve months		
	ended 31 December		Change	ended 31 December		Change
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
	2022	2021	(%)	2022	2021	(%)
Revenue (<i>US\$ million</i>)	335.1	396.7	-15.5	1,596.1	1,512.0	5.6
Shipment Volume (<i>million pairs</i>)	11.9	14.4	-17.4	56.0	55.8	0.4
ASP (<i>US\$/pair</i>)	28.2	27.5	2.5	28.5	27.1	5.2

For the twelve months ended 31 December 2022, shipment volumes increased by 0.4%, supported by the Group’s Sports and Fashion segments, while shipment volumes for the three months ended 31 December 2022 decreased by approximately 17.4% year-on-year. The increase in ASP during the fourth quarter and twelve-month period under review was mostly driven by changes to the Group’s product mix and customer mix, as well as higher raw material costs. This along with better production efficiency and cost controls supported its operating margin during the periods.

The rapidly changing macroeconomic and geopolitical environment continues to cloud the Group’s order book visibility as certain customers adopt a more cautious response. The increase in COVID infections in China may also temporarily impact the utilisation rate of the Group’s manufacturing facilities in the country although the impact will be partially offset by its geographically diverse production base and early Lunar New Year holidays. The Group will also continue to face tougher revenue and shipment volume comparisons in the first half of 2023 as its manufacturing business was operating at a full utilisation rate in the first half of 2022.

The Group is committed to its major long-term capacity expansion projects, with the ramp-up of its new manufacturing facility in Solo, Indonesia, remaining on track.

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

Hong Kong, 10 January 2023

As at the date of this announcement, the executive Directors are Mr. Chen Li-Ming, Lawrence, Mr. Chi Lo-Jen, Mr. Gillman Charles Christopher and Mr. Chiang Yi-Min, Harvey; 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 Ms. Shi Nan Sun.