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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 SECOND QUARTER OF 2021
AND POSITIVE PROFIT ALERT**

This announcement is made by Stella International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “Board”) of directors (the “Directors”) of the Company would like to provide an update on the business development of the Group for the second quarter of 2021, and details of matters noted based on a preliminary review of the operating results of the Group for the six months ended 30 June 2021.

TOTAL CONSOLIDATED REVENUE

The Group’s unaudited consolidated revenue¹ increased by approximately 58.1% to US\$392.1 million (2020: US\$248.0 million) for the three months ended 30 June 2021 and increased by 36.1% to US\$695.5 million (2020: US\$511.2 million) for the six months ended 30 June 2021, as compared to the corresponding periods of last year. This was mainly attributable to a low base in the first six months of 2020, which was heavily impacted by the COVID-19 pandemic, as well as a recovery in the Group’s orders in 2021.

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, quantity and average selling price (“ASP”) in relation to the manufacturing business of the Group for the three months and six months ended 30 June 2021 is shown in the table below:

	For the three months			For the six months		
	ended 30 June		Change (%)	ended 30 June		Change (%)
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
	2021	2020		2021	2020	
Revenue (<i>US\$ million</i>)	383.9	247.8	54.9	683.7	504.5	35.5
Quantity (<i>million pairs</i>)	14.5	9.4	54.3	26.5	20.4	29.9
Average Selling Price (“ASP”) (<i>US\$/pair</i>)	26.5	26.4	0.4	25.8	24.7	4.5

Shipment volumes in the three months and six months ended 30 June 2021 increased by approximately 54.3% and 29.9% year-on-year, most of which was attributable to a recovery from the low base recorded in the first half of last year, which was heavily impacted by COVID-19.

The increase in ASP for the same periods was mostly because ASP levels in the first half of 2020 were heavily impacted by the COVID-19 pandemic.

OUTLOOK

The Group remains cautiously optimistic about orders in the second half of the year with the pace of volume and revenue recovery likely to moderate due to a higher base in the second half of 2020. Year-on-year comparison of quarterly shipment volumes for the rest of the year will also remain uneven due to the significant impact the COVID-19 pandemic had on the normal seasonality of shipment volume and product mix in 2020. While visibility for the fourth quarter is becoming more certain, it remains dependent on the development of the COVID-19 pandemic and the progress of vaccination programmes around the world.

Looking ahead, the Group will continue to prioritise margin improvement, as well as steady volume growth on an annual basis by capitalising on promising opportunities that match its business model and proven R&D and commercialisation capabilities, particularly those in its Sports and Luxury product categories. It will also continue to prioritise and improve the management of its risk and cash flow, while safeguarding its strong financial position.

POSITIVE PROFIT ALERT

The Group is still in the process of finalizing its results for the six months ending 30 June 2021. The information contained in this announcement is only based on the Company's preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 and the information currently available to the management of the Company, and such information has not been audited, reviewed or confirmed by the Company's auditors and may be subject to further changes or adjustments.

The Board wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021, and information currently available to the Board, the Group is expected to record a net profit of not less than US\$30 million for the six months ending 30 June 2021 as compared with a net loss of approximately US\$5.2 million for the six months ended 30 June 2020. The improvement in the performance was mainly attributable to the increase in revenue as a result of the order recovery from the low base in the first half of 2020 which was heavily impacted by the COVID-19 pandemic

Details of the Group's performance (including the unaudited consolidated interim results) for the six months ended 30 June 2021 are expected to be announced by the Company in August 2021. Shareholders and potential investors are advised to read the Company's interim results announcement with care when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 July 2021

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.