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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 FIRST QUARTER OF 2021**

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 first quarter of 2021 on a voluntary basis.

TOTAL CONSOLIDATED REVENUE

For the three months ended 31 March 2021, the Group’s unaudited consolidated revenue¹ increased by 15.3% to approximately US\$303.4 million, compared to the unaudited consolidated revenue of approximately US\$263.2 million for the corresponding period of last year. This was mainly attributable to a low base, as the first quarter of 2020 was heavily impacted by the COVID-19 pandemic.

¹ Including the Group’s manufacturing business, branding business and other businesses not covered herein, and after the 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 ended 31 March 2021 is shown in the table below:

	For the three months ended 31 March		Change (%)
	<i>(Unaudited)</i>		
	2021	2020	
Revenue (US\$ million)	299.8	256.7	16.8
Quantity (million pairs)	12.0	11.0	9.1
Average Selling Price (US\$/pair)	25.0	23.3	7.3

Shipment volumes in the three months ended 31 March 2021 increased by 9.1% year-on-year. The increase in ASP for the same period was mainly driven by changes in the Group’s product mix and customer mix.

OUTLOOK

The Group continues to be cautiously optimistic about the upcoming Summer 2021 season. However, visibility for the second half of 2021 remains low amid ongoing lockdowns in major European countries and will depend on the development of the COVID-19 pandemic and the progress of vaccination programmes around the world. In addition, the COVID-19 pandemic had a significant impact to the normal seasonality of shipment volume and product mix in 2020. This will cause the year-on-year comparison of quarterly shipment volume for the rest of the year to be uneven.

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 categories. As of 31 March 2021, the Group’s financial position remained solid with sufficient cash on hand and total undrawn bank facilities of about US\$270 million – more than enough to meet its current business needs. It will continue to prioritise and improve the management of its risk and cash flow, while safeguarding its strong balance sheet.

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

Hong Kong, 22 April 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.