



Stella Focuses on Operational Stability and Cost Control in 2020

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Hong Kong, April 16, 2020 – Stella International Holdings Limited (“Stella”, or together with its subsidiaries, the “Group”; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited first quarter business update for the three months ended 31 March 2020.

Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	<u>2020</u>	<u>2019</u>
Group consolidated revenue (US\$ million)	263.2	312.6
Manufacturing revenue (US\$ million)	256.7	307.1
Average selling price per pair (Manufacturing business) (US\$)	23.3	24.2
Total shipment during the period (million pairs)	11.0	12.7

For the three months ended 31 March 2020, the Group’s unaudited consolidated revenue¹ decreased by 15.8% to approximately US\$263.2 million (2019: US\$312.6 million). Revenue from our manufacturing operations decreased by 16.4% to US\$256.7 million in the three months ended 31 March 2020 while shipment volumes fell 13.4% to 11.0 million pairs. The fall in manufacturing revenue and shipment volumes was mainly attributed to the delayed resumption of production at our factories in China after the Lunar New Year due to the COVID-19 outbreak, as well as changing seasonal orders pattern with more customers requiring shorter lead times compared to the same period of last year.

The average selling price (‘ASP’) of our products fell 3.7% to US\$23.3 per pair, which was mostly driven by changes to the Group’s product mix and customer mix.

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

Looking forward, we will continue to proactively monitor how the COVID-19 outbreak is affecting our customers and we are formulating plans that respond to and address these challenges accordingly. In the meantime, we will focus on implementing various initiatives internally to safeguard our operational stability, while improving our manufacturing efficiency and cost control. This will enable us to better manage the external challenges while ensuring that we are well placed to restore capacity in a more advantageous and margin-accretive manner when demand normalises.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group, commented on the Group's performance, "The global pandemic situation is rapidly evolving and is impacting the Group and our customers in different ways. In response, we are undertaking initiatives to shore up our operations, including measures to protect our financial integrity and strengthen cost controls, to weather the unprecedented COVID-19 crisis."

Commenting on the outlook for the Group's businesses, **Mr. Lawrence Chen, Chairman** of the Group, said, "Despite the increasing challenges, the COVID-19 outbreak also offers a chance to reset and recalibrate our operations to ensure that we are well-positioned to restore our operations back to full capacity as the global economy recovers. We will also continue to enact our long-term strategies, such as growing our capacity in Southeast Asia."

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