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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 THIRD QUARTER OF 2018**

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 2018.

#### **TOTAL CONSOLIDATED REVENUE**

For the three months ended 30 September 2018, the Group’s unaudited consolidated revenue<sup>1</sup> was approximately US\$471.3 million (2017: US\$452.4 million), an increase of approximately 4.2% as compared to the unaudited consolidated revenue of the corresponding period of last year.

For the nine months ended 30 September 2018, the Group’s unaudited consolidated revenue<sup>1</sup> was approximately US\$1,209.4 million (2017: US\$1,214.1 million<sup>2</sup>), a decrease of approximately 0.4% as compared to the unaudited consolidated revenue of the corresponding period of last year. However, on a comparable basis (adjusting for the Group’s former China retail business), the Group’s unaudited comparable consolidated revenue for the nine months ended 30 September 2018 improved by 1.7%.

Looking ahead, the Group expects a steady expansion in demand for its fashion athletic footwear products. Fashion athletic footwear products will continue to remain the Group’s main growth driver, while demand for its casual and fashion footwear products is expected to stabilise further.

The Group will continue to selectively reduce production capacity in China in order to improve utilisation efficiency and deliver margin recovery over the medium term.

\* *For identification purpose only*

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

<sup>2</sup> The unaudited consolidated revenue for the nine months ended 30 September 2017 included revenue of US\$36.5 million from the Group’s former China retail business. The relevant companies are no longer subsidiaries of the Company.

## 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 and nine months ended 30 September 2018 is shown in the table below:

	For the three months ended 30 September			For the nine months ended 30 September		
	(Unaudited) 2018	2017	Change (%)	(Unaudited) 2018	2017	Change (%)
Revenue ( <i>US\$ million</i> )	<b>455.2</b>	443.5	2.6	<b>1,176.4</b>	1,161.0	1.3
Quantity ( <i>million pairs</i> )	<b>16.1</b>	15.2	5.9	<b>45.1</b>	42.2	6.9
Average Selling Price ( <i>US\$/pair</i> )	<b>28.3</b>	29.2	-3.1	<b>26.1</b>	27.5	-5.1

The increase in revenue and shipment volumes in the three and nine months ended 30 September 2018 was mostly attributed to the robust ordering activity for the Group’s fashion athletic footwear products and increase in ordering activity for its casual footwear products. The Group had not experienced material impact on its operations as a result of the global trade war during the periods under review.

The drop in ASP in the three months ended 30 September 2018 was attributable to changes to the Group’s product mix, as well as its customer mix.

## BRANDING BUSINESS

An analysis of the revenue in relation to the Group’s branding business, which mostly consist of its retail operations in Europe, for the three and nine months ended 30 September 2018 is shown in the table below:

	For the three months ended 30 September			For the nine months ended 30 September		
	(US\$ million) (Unaudited) 2018	2017	Change (%)	(US\$ million) (Unaudited) 2018	2017	Change (%)
Revenue	<b>4.8</b>	4.8	-	<b>14.0</b>	12.7	10.2
Same-store-sales	<b>0.6</b>	0.7	-14.3	<b>2.0</b>	2.1	-4.8

By order of the Board  
**Stella International Holdings Limited**  
**Chiang Jeh-Chung, Jack**  
*Chairman*

Hong Kong, 12 October 2018

*As at the date of this announcement, the executive Directors are Mr. Chiang Jeh-Chung, Jack, Mr. Chao Ming-Cheng, Eric, Mr. Chen Li-Ming, Lawrence and Mr. Chi Lo-Jen 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 Mr. Lian Jie.*