

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 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 fourth quarter of 2018.

TOTAL CONSOLIDATED REVENUE

For the three months ended 31 December 2018, the Group’s unaudited consolidated revenue¹ was approximately US\$386.5 million (2017: US\$357.2 million), an increase of approximately 8.2% as compared to the unaudited consolidated revenue for the corresponding period of last year.

For the year ended 31 December 2018, the Group’s unaudited consolidated revenue¹ was approximately US\$1,595.9 million (2017: US\$1,571.3 million²), an increase of approximately 1.6% as compared to the unaudited consolidated revenue for the last corresponding year. On a comparable basis (after adjustments in the light of the disposal of the Group’s former China retail business), the Group’s unaudited comparable consolidated revenue for the year ended 31 December 2018 improved by 3.3%.

Looking forward into 2019, the Group continues to expect the demand for its fashion athletic footwear products to steadily grow, and this product category will continue to remain as the Group’s key growth driver. The Group also expects the demand for its casual and fashion footwear products to stabilise further.

* *For identification purpose only*

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

² The unaudited consolidated revenue for the year ended 31 December 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.

The Group will continue its re-allocation of production capacity from China to the South East Asia and drive further improvement in production efficiency in order to deliver margin recovery over the medium term.

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 year ended 31 December 2018 is shown in the table below:

	For the three months ended 31 December (Unaudited)			For the year ended 31 December (Unaudited)		
	2018	2017	Change (%)	2018	2017	Change (%)
Revenue (<i>US\$ million</i>)	374.3	349.3	7.2	1,550.7	1,510.3	2.7
Quantity (<i>million pairs</i>)	15.1	14.4	4.9	60.2	56.6	6.4
Average Selling Price (<i>US\$/pair</i>)	24.8	24.3	2.1	25.8	26.7	-3.4

The increase in revenue and shipment volumes for the three months and year ended 31 December 2018 was mostly attributable to the continued robust ordering activity for the Group’s fashion athletic footwear products throughout the year and an increase in the full-year ordering activity for its casual and fashion footwear products. The global trade war did not have a material impact on the Group’s operations during the periods under review.

The increase in ASP for the three months ended 31 December 2018 was attributable to an increase in the ASP of the Group’s casual footwear products, as well as changes to the Group’s product mix and 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 months and year ended 31 December 2018 is shown in the table below:

	For the three months ended 31 December (<i>US\$ million</i>) (Unaudited)			For the year ended 31 December (<i>US\$ million</i>) (Unaudited)		
	2018	2017	Change (%)	2018	2017	Change (%)
Revenue	3.3	2.9	13.8	17.3	15.6	10.9
Same-store-sales	0.6	0.8	-25.0	2.7	3.0	-10.0

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

Hong Kong, 16 January 2019

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