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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 2019**

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 first quarter of 2019.

**TOTAL CONSOLIDATED REVENUE**

For the three months ended 31 March 2019, the unaudited consolidated revenue<sup>1</sup> of the Group was approximately US\$312.6 million, representing an increase of approximately 6.1% as compared to the unaudited consolidated revenue of approximately US\$294.6 million for the corresponding period of last year.

Looking forward, the Group continues to see stable volume growth for its fashion athletic footwear products, as well as steady demand for its casual and fashion footwear products. Average selling price (“ASP”) for the rest of 2019 is expected to remain stable depending on the Group’s product mix and its customers’ product mix.

The Group will continue to prioritise margin expansion. This will be driven by increasing its production efficiency with further re-allocation of its production capacity from China to South East Asia and the ramp-up of its new manufacturing facility in Vietnam, as well as by enhancing its product mix.

\* *For identification purpose only*

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

## MANUFACTURING BUSINESS

An analysis of the revenue, quantity and ASP in relation to the manufacturing business of the Group for the three months ended 31 March 2019 is shown in the table below:

	For the three months ended 31 March (Unaudited)		Change (%)
	2019	2018	
Revenue (US\$ million)	307.1	287.4	6.9
Quantity (million pairs)	12.7	12.4	2.4
Average Selling Price (US\$/pair)	24.2	23.2	4.3

The increase in revenue for the three months ended 31 March 2019 was attributed to continued robust ordering activity for the Group's fashion athletic footwear products, higher ordering activity for its fashion footwear products and stable performance for its casual footwear products. Global trade frictions did not have an impact on the Group's operations during the period under review. The Group will continue to closely monitor potential risks in its operations arising from external events, particularly ongoing trade negotiations between the United States and China and uncertainties ahead of Brexit.

The increase in ASP for the three months ended 31 March 2019 was mostly driven by 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 consists of its retail operations in Europe, for the three months ended 31 March 2019 is shown in the table below:

	For the three months ended 31 March (US\$ million) (Unaudited)		Change (%)
	2019	2018	
Revenue	2.9	5.2	-44.2
Same-stores-sales	0.5	0.7	-28.6

The sales operation is now under consolidation and has been negatively affected by the political circumstances in France during the first quarter of 2019.

## UPDATE ON FINANCIAL PERFORMANCE

Based on the Company's preliminary review of the management accounts of the Group for the three months ended 31 March 2019, the unaudited consolidated profit of the Group is expected to be significantly higher as compared to that for the corresponding period in 2018 due to a low base effect. The increase in profit was also attributable to an increase in both the ASP and shipment volume leading to a 6.9% increase in the revenue of the Group's manufacturing business year-on-year; a much-enhanced product mix and customer mix; a moderate year-on-year improvement in the production efficiency and ramp-up of its new manufacturing facility in Vietnam; and an improved cost structure resulting from the further re-allocation of its production capacity from China to South East Asia.

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

Hong Kong, 18 April 2019

*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.*