

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 THIRD QUARTER OF 2020**

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 third quarter of 2020.

TOTAL CONSOLIDATED REVENUE

The Group’s shipment volume for the three months ended 30 September 2020 declined by 23.6% on a year-on-year basis. Nevertheless, as the retail stores of the Group’s brand customers gradually reopened following COVID-19 related shutdowns and their business started to recover, the rate of decline in the Group’s year-on-year revenue and shipment volume was reduced in the third quarter as compared to that in the second quarter of 2020.

For the three months ended 30 September 2020, the Group’s unaudited consolidated revenue¹ decreased by 23.3% to approximately US\$344.5 million (2019: US\$449.3 million). For the nine months ended 30 September 2020, the Group’s unaudited consolidated revenue decreased by 28.7% to approximately US\$855.7 million (2019: US\$1,199.9 million).

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*

Looking forward, the Group is cautiously optimistic about shipment volume levels for the fourth quarter of 2020 as the Group's brand customers closely monitor their product sell-through in the upcoming holiday peak season amidst a second wave of COVID-19 in the North American and European retail markets. Some of the Group's shipments of Spring 2021 seasonal products may be delayed from the fourth quarter of 2020 to the first quarter of 2021 if its brand customers experience weak sell-through during the upcoming holiday period and high inventory levels. Nevertheless, the Group will continue to push forward with its long-term strategies, including accelerating the migration of its production capacity to Southeast Asia to enhance the Group's long-term cost structure, having taken effective steps earlier in the year to secure its financial position.

As at 30 September 2020, the Group's financial position remained solid with sufficient cash on hand and total undrawn bank facilities of over US\$180 million – more than enough to meet its current business needs. Nevertheless, the Group will continue to prioritise and improve its risk and cash flow management and safeguard its strong balance sheet to weather the ongoing COVID-19 pandemic and the current global recession.

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and ASP in relation to the manufacturing business of the Group for the three months and nine months ended 30 September 2020 is shown in the table below:

	For the three months ended 30 September			For the nine months ended 30 September		
	(Unaudited)		Change (%)	(Unaudited)		Change (%)
	2020	2019		2020	2019	
Revenue (<i>US\$ million</i>)	336.7	447.9	-24.8	841.2	1,190.4	-29.3
Shipment Volume (<i>million pairs</i>)	12.3	16.1	-23.6	32.6	45.6	-28.5
Average Selling Price (<i>US\$/pair</i>)	27.5	27.8	-1.1	25.8	26.1	-1.1

The year-on-year fall in revenue and shipment volume for the three months ended 30 September 2020 was attributable to decreased demand from the Group's brand customers due to the COVID-19 pandemic.

The decrease in ASP for the three months ended 30 September 2020 was mostly driven by changes to the Group's product mix and customer mix.

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

Hong Kong, 15 October 2020

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.