Stella Sees Stable Demand in 1Q 2019

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Revenue from Manufacturing Business Rose 6.9% year-on-year
Group Continues to Prioritise Margin Expansion

Hong Kong, April 18, 2019 – 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 2019.

Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	2019	2018
Revenue(US$ million)		
- Manufacturing	**307.1**	287.4
- Branding business	**2.9**	5.2
Average selling price per pair (manufacturing) (US$)	**24.2**	23.2
Total shipment during the period (million pairs)	**12.7**	12.4

For the three months ended 31 March 2019, the Group's unaudited consolidated revenue[1] was approximately US$312.6 million (2018: US$294.6 million). This represented an increase of approximately 6.1% compared to the unaudited consolidated revenue of the corresponding period of last year.

Revenue from our manufacturing operations rose 6.9% to US$307.1 million in the three months ended 31 March 2019. Shipment volumes rose 2.4% to 12.7 million pairs during the same period. The increase in revenue was attributed to continued robust ordering activity for our fashion athletic footwear products, higher ordering activity for our fashion footwear products and the stable perfomance for our casual footwear products. Global trade frictions did not have an impact on the Group's operations during the period under review.

The average selling price ('ASP') of our products rose to US$24.2 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.

Based on a preliminary review of our management accounts for the three months ended 31 March 2019, our unaudited consolidated profit 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 our ASP and shipment volume leading to a 6.9% increase in the revenue of our manufacturing business year-on-year; a much-enhanced product mix and customer mix; a moderate year-on-year improvement in our production efficiency and ramp-up of our new manufacturing facility in Vietnam; and an improved cost structure resulting from the further re-allocation of our production capacity from China to South East Asia.

Looking forward, we continue to see decent volume growth for our fashion athletic footwear products, as well as steady demand for our casual and fashion footwear products. ASP for the rest of 2019 is expected to remain stable depending on our product mix and our customer mix.

We will continue to prioritise margin expansion. This will be driven by increasing our production efficiency with the further re-allocation of our production capacity from China to South East Asia and the ramp-up of our new manufacturing facility in Vietnam, as well as by the enhancement of our product mix. We will also continue to closely monitor potential risks to our operations arising from external events, particularly ongoing trade negotiations between the United States and China and uncertainties ahead of Brexit.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group, commented on the Group's performance, "The positive effects of the customised strategies we are implementing for different product categories were pronounced in the first quarter. We will continue these efforts in the coming quarters, despite a higher base. We will continue to prioritise margin expansion, rather than volume or ASP growth, throughout the rest of 2019."

Commenting on the outlook for the Group's businesses, **Mr. Lawrence Chen, Chairman** of the Group**,** said, "While global consumption remains robust, a number of risks remain in our external environment, particularly ongoing trade frictions between the United States and China, as well as ongoing uncertainties around Brexit. It is therefore essential that we continue to demonstrate the value that we provide to our customers, particularly the quality of our products, as well as our high-end manufacturing capabilities."

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