Operational Performance in 3Q 2019 In Line with Expectations

* * * * *

Hong Kong, October 17, 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 third quarter business update for the three months and nine months ended 30 September 2019.

Financial & Operational Highlights:

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	2019	2018	**2019**	2018
Revenue (US$ million)				
- Manufacturing business	**447.9**	455.2	**1,190.4**	1,176.4
- Branding business	**0.7**	4.8	**6.6**	14.0
Average selling price per pair (manufacturing) (US$)	**27.8**	28.2	**26.1**	26.1
Total shipment during the period (million pairs)	**16.1**	16.1	**45.6**	45.1

For the three months ended 30 September 2019, the Group's unaudited consolidated revenue[1] was approximately US$449.3 million (2018: US$471.3 million). This represented a decrease of approximately 4.7% compared to the unaudited consolidated revenue of the corresponding period of last year.

For the nine months ended 30 September 2019, the Group's unaudited consolidated revenue[1] was approximately US$1,199.9 million (2018: US$1,209.4 million), which was almost flat compared to the unaudited consolidated revenue of the corresponding period of last year.

Revenue from our manufacturing operations decreased by 1.6% and increased by 1.2% to US$447.9 million and US$1,190.4 million respectively in the three months and nine months ended 30 September 2019. Shipment volumes was flat and increased by 1.1% over the same periods to 16.1 million pairs and 45.6 million pairs respectively. We continued to see robust ordering for our fashion sports footwear and stable demand for our fashion footwear products. However, revenue growth in the three months and nine months ended 30 September 2019

[1] Includes the Group's manufacturing business, branding business and other businesses not covered hereof, and after the elimination of inter-segment sales.

was mostly flat due to a high base effect and our continued focus on margin improvement over shipment volume growth. Global trade frictions did not have any material impact on the Group's operations during the periods under review.

The year-on-year movements in overall ASP for the three months and nine months ended 30 September 2019 were mostly flat, with the Group continuing to make changes to its product mix and customer mix during the periods under review.

Looking forward, we expect to see a continued increase in shipment volumes for our fashion sports footwear throughout the rest of 2019, while we will continue to focus on improving the performance of our fashion and casual footwear businesses. ASP for the rest of 2019 is expected to remain stable depending on our product mix and our customers' product mix.

We will continue to prioritise margin expansion by enhancing our production efficiency while further re-allocating our production capacity from China to South East Asia and by ramping-up our new manufacturing facility in Vietnam, as well as by managing our product mix.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group, commented on the Group's performance, "In line with our expectations, revenue growth in the second half of this year slowed due to a high base effect and as we are continuing to prioritise margin expansion over volume growth. We will continue to implement customised strategies to support demand for our different product categories and we remain confident about our margin improvement strategy."

Commenting on the outlook for the Group's businesses, **Mr. Lawrence Chen, Chairman** of the Group, said, "We continued to see healthy progress in our performance during the periods under review. We will continue to strive to optimise returns to our shareholders and achieve long-term sustainable earnings growth."

####

For further information, please contact:

Macy Leung
Head of Investor Relations
Email: macy.leung@stella.com.hk