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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 SECOND QUARTER OF 2022 AND POSITIVE PROFIT ALERT

The board (the “**Board**”) of directors (the “**Directors**”) of Stella International Holdings Limited (the “**Company**”) would like to provide the shareholders (the “**Shareholders**”) and potential investors of the Company with an update on the business development of the Company and its subsidiaries (collectively, the “**Group**”) for the second quarter of 2022 on a voluntary basis, and details of the increase in the Group’s earnings level noted during a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and the information currently available to the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

TOTAL CONSOLIDATED REVENUE

For the three months ended 30 June 2022, the Group’s unaudited consolidated revenue¹ increased by approximately 13.2% to US\$443.9 million (2021: US\$392.1 million). For the six months ended 30 June 2022, the Group’s unaudited consolidated revenue increased by approximately 18.9% to US\$827.2 million (2021: US\$695.5 million). This was mostly attributable to increased orders within the Group’s manufacturing business during the three months and six months under review.

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 and six months ended 30 June 2022 is shown in the table below:

¹ Including the Group’s manufacturing business, branding business and other businesses not covered herein, and after elimination of inter-segment sales.

* For identification purpose only

	For the three months			For the six months		
	ended 30 June		Change	ended 30 June		Change
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
	2022	2021	(%)	2022	2021	(%)
Revenue <i>(US\$ million)</i>	432.8	383.9	12.7	807.4	683.7	18.1
Quantity <i>(million pairs)</i>	15.0	14.5	3.4	29.0	26.5	9.4
Average Selling Price (“ASP”) <i>(US\$/pair)</i>	28.7	26.5	8.3	27.8	25.8	7.8

Shipment volumes in the three and six months ended 30 June 2022 increased by approximately 3.4% and 9.4% year-on-year, mainly supported by the Group’s Fashion, Sports and Luxury footwear segments. The increase in ASP during the same periods was mostly driven by changes to the Group’s product mix and customer mix, as well as higher raw material costs.

POSITIVE PROFIT ALERT

The Group is still in the process of finalising its results for the six months ended 30 June 2022. The information contained in this announcement is only based on the Company’s preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and the information currently available to the Company, and such information has not been audited, reviewed or confirmed by the Company’s auditors and may be subject to further changes or adjustments.

The Board wishes to inform the Shareholders and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, and the information currently available to the Company, the Group is expected to record a net profit of not less than US\$52.0 million for the six months ended 30 June 2022 as compared with a net profit of approximately US\$32.2 million for the six months ended 30 June 2021. The increase in net profit was mostly attributable to the strong performance of the Group’s manufacturing business which benefited from the growth of its Sports and Fashion footwear segments and the addition of new customers within its Luxury footwear segment. Further details of the improvement in the performance of the Group’s manufacturing business during the six months ended 30 June 2022 as compared with the six months ended 30 June 2021 are set out in the section headed “Manufacturing Business” above in this announcement.

Details of the Group’s performance (including the unaudited consolidated interim results) for the six months ended 30 June 2022 are expected to be announced by the Company in August 2022. Shareholders and potential investors are advised to read the Company’s interim results announcement with care when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 July 2022

As at the date of this announcement, the executive Directors are Mr. Chen Li-Ming, Lawrence, Mr. Chi Lo-Jen, Mr. Gillman Charles Christopher and Mr. Chiang Yi-Min, Harvey; and the independent non-executive Directors are Mr. Chen Johnny, Mr. Bolliger Peter, Mr. Chan Fu Keung, William, BBS, Mr. Yue Chao-Tang, Thomas and Ms. Shi Nan Sun.