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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 THIRD QUARTER OF 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Stella International Holdings Limited (the “**Company**”) would like to provide the shareholders of the Company (the “**Shareholders**”) and potential investors with an update on the business development of the Company and its subsidiaries (collectively, the “**Group**”) for the third quarter of 2024 on a voluntary basis.

TOTAL CONSOLIDATED REVENUE

For the three months ended 30 September 2024, the Group’s unaudited consolidated revenue¹ increased by approximately 0.6% to US\$389.7 million (2023: US\$387.2 million). For the nine months ended 30 September 2024, the Group’s unaudited consolidated revenue increased by approximately 5.1% to US\$1,159.7 million (2023: US\$1,103.2 million).

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and average selling price (“**ASP**”) in relation to the footwear manufacturing business of the Group for the three and nine months ended 30 September 2024 is shown in the table below:

	For the three months ended 30 September		Change	For the nine months ended 30 September		Change
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
	2024	2023	<i>(%)</i>	2024	2023	<i>(%)</i>
Revenue <i>(US\$ million)</i>	378.0	377.1	0.2	1,126.8	1,074.0	4.9
Quantity <i>(million pairs)</i>	12.9	12.2	5.7	39.4	35.8	10.1
ASP <i>(US\$/pair)</i>	29.3	30.8	-4.9	28.6	30.0	-4.7

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

Shipment volumes in the three months and nine months ended 30 September 2024 increased by approximately 5.7% and 10.1% year-on-year respectively, mainly driven by the Sports category. The decrease of ASP in both periods was due to the higher proportion of Sports products orders, which have a lower ASP, as well as raw material price deflation.

The growth in revenue and shipment volume for the three months ended 30 September moderated, as anticipated, following shipments of approximately 1 million pairs of footwear to certain customers, during the three months ended 30 June 2024 which was earlier than the original shipment plan.

GROUP PERFORMANCE

The Group is ahead of schedule in meeting the targets of its Three-Year Plan (2023-2025), which are to achieve an operating margin of 10% and a low-teens compound annualised growth rate on profit after tax by the end of 2025. The Company is confident about meeting these targets, having not only met but also surpassed the above operating profit margin target in both 2023 and in the six months ended 30 June 2024.

In addition, the Group remains committed to returning additional cash of up to US\$60 million per year for the next three years (2024-2026) to Shareholders, not exceeding US\$180 million in total, through a combination of share repurchases and special dividends, on top of the payment of regular dividends (including final dividends and interim dividends) at the normal payout ratio of 70%.

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

Hong Kong, 17 October 2024

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. Bolliger Peter, Mr. Chan Fu Keung, William, BBS, Mr. Yue Chao-Tang, Thomas, Ms. Shi Nan Sun and Ms. Wan Sin Yee, Cindy.