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STELLA

INTERNATIONAL

Stella International Holdings Limited 九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

Highlights:

- Shipment volume increased by 3.8%, led by Sports category
- Revenue increased by 1.6% to US\$1,570.2 million
- Operating profit was US\$149.2 million with an operating margin at 9.5%
- Net profit reported as US\$137.0 million
- Acquired a high-end handbag factory in Vietnam
- Maintained solid net cash position at US\$367.4 million
- Declared final dividend of HK37 cents per share (together with previously announced interim dividend, representing a dividend payout ratio of about 70%), and additional special dividend of HK56 cents per share from the excess cash return program. The total dividends declared for the year ended 31 December 2025 (comprising interim dividend, final dividend and special dividend) are HK145 cents per share.

* For identification purpose only

The board (the “Board”) of directors (the “Directors”) of Stella International Holdings Limited (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025, together with the comparative figures for the previous financial year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
REVENUE	4	1,570,237	1,545,114
Cost of sales		<u>(1,227,907)</u>	<u>(1,161,157)</u>
Gross profit		342,330	383,957
Other income	5	6,705	7,878
Other gains and losses, net	5	(1,221)	10,647
Selling and distribution expenses		(42,504)	(40,389)
Administrative expenses		(155,536)	(164,084)
Impairment losses on financial assets, net		(2,158)	(16,013)
Share of profit of a joint venture		<u>1,630</u>	<u>2,538</u>
Operating profit before changes in fair value of financial instruments		149,246	184,534
Net fair value gains/(losses) on financial assets at fair value through profit or loss		<u>8</u>	<u>(1,106)</u>
Operating profit after changes in fair value of financial instruments		149,254	183,428
Interest income	5	12,707	16,129
Interest expense		<u>(752)</u>	<u>(735)</u>
PROFIT BEFORE TAX	6	161,209	198,822
Income tax expense	7	<u>(24,180)</u>	<u>(28,688)</u>
PROFIT FOR THE YEAR		<u>137,029</u>	<u>170,134</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2025

	<i>Notes</i>	2025 US\$'000	2024 <i>US\$'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		8,606	(23,443)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		8,606	(23,443)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		145,635	146,691
Profit for the year attributable to:			
Owners of the parent		137,987	171,049
Non-controlling interests		(958)	(915)
		137,029	170,134
Total comprehensive income for the year attributable to:			
Owners of the parent		146,966	147,627
Non-controlling interests		(1,331)	(936)
		145,635	146,691
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	<i>9</i>		
– Basic – for profit for the year (in HK dollar) <i>(equivalent to US dollar)</i>		1.2902 0.1655	1.6490 0.2113
– Diluted – for profit for the year (in HK dollar) <i>(equivalent to US dollar)</i>		1.2712 0.1631	1.6146 0.2069

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		428,402	387,161
Investment properties		974	1,661
Right-of-use assets		77,615	73,037
Goodwill		2,013	–
Investment in a joint venture		51,569	49,939
Investments in associates		–	–
Financial assets at fair value through profit or loss		2,363	2,363
Pledged deposits		5,953	5,795
Deposits for acquisition of property, plant and equipment and leasehold land		10,471	10,169
		<hr/>	<hr/>
Total non-current assets		579,360	530,125
CURRENT ASSETS			
Inventories		217,428	203,347
Trade receivables	<i>10</i>	234,153	234,552
Prepayments, deposits and other receivables		35,825	31,790
Financial assets at fair value through profit or loss		13	5
Cash and cash equivalents		373,273	423,547
		<hr/>	<hr/>
Total current assets		860,692	893,241
CURRENT LIABILITIES			
Trade payables	<i>11</i>	96,943	95,104
Other payables and accruals		131,667	127,633
Interest-bearing bank borrowings		2,324	1,319
Lease liabilities		3,400	2,377
Tax payable		64,678	52,713
		<hr/>	<hr/>
Total current liabilities		299,012	279,146
		<hr/>	<hr/>
NET CURRENT ASSETS		561,680	614,095
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,141,040	1,144,220
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 31 December 2025

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	3,510	4,552
Lease liabilities	7,100	3,750
Deferred tax liabilities	19,987	18,379
	<hr/>	<hr/>
Total non-current liabilities	30,597	26,681
	<hr/>	<hr/>
Net assets	1,110,443	1,117,539
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	10,742	10,546
Share premium and reserves	1,085,709	1,091,670
	<hr/>	<hr/>
	1,096,451	1,102,216
Non-controlling interests	13,992	15,323
	<hr/>	<hr/>
Total equity	1,110,443	1,117,539
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		161,209	198,822
Adjustments for:			
Finance costs		752	735
Share of profit of a joint venture		(1,630)	(2,538)
Interest income	5	(12,707)	(16,129)
Loss/(gain) on disposal of items of property, plant and equipment	5	1,088	(10,006)
Gain on disposal of a leasehold land	5	–	(4,184)
Fair value loss/(gain) on financial assets at fair value through profit or loss, net		(8)	1,106
Depreciation of property, plant and equipment	6	49,319	47,944
Depreciation of investment properties	6	739	721
Depreciation of right-of-use assets	6	6,689	6,628
Impairment of financial assets, net		2,158	16,013
Write-down of inventories to net realisable value	6	2,316	753
Equity-settled share option expense		278	1,477
		210,203	241,342
Increase in inventories		(12,871)	(6,799)
Decrease in trade receivables		4,488	27,984
Decrease in prepayments, deposits and other receivables		3,709	8,908
Increase/(decrease) in trade payables		(855)	13,667
Increase/(decrease) in other payables and accruals		466	(7,287)
		205,140	277,815
Cash generated from operations		205,140	277,815
Interest paid		(308)	(317)
Taxes paid		(10,096)	(13,431)
		194,736	264,067
Net cash flows from operating activities		194,736	264,067

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2025

	2025 US\$'000	2024 US\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12,707	16,129
Purchases of items of property, plant and equipment	(87,343)	(66,559)
Additions to right-of-use assets	(3,437)	–
Acquisition of subsidiaries	(3,628)	–
Deposits paid for acquisition of property, plant and equipment and leasehold land	(417)	(421)
Proceeds from disposal of items of property, plant and equipment	871	14,357
Proceeds from disposal of a leasehold land	–	5,298
Placement of pledged deposits	(158)	(158)
	<u>(81,405)</u>	<u>(31,354)</u>
Net cash flows used in investing activities	<u>(81,405)</u>	<u>(31,354)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	134,709	111,418
Repayment of bank loans	(134,824)	(112,528)
Principal portion of lease payments	(3,265)	(3,021)
Acquisition of non-controlling interest in a subsidiary	(1,000)	–
Dividends paid	(169,183)	(131,582)
Interest paid	(444)	(418)
Proceeds from issue of shares upon exercise of share options	16,845	33,489
	<u>(157,162)</u>	<u>(102,642)</u>
Net cash flows used in financing activities	<u>(157,162)</u>	<u>(102,642)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	(43,831)	130,071
Cash and cash equivalents at beginning of year	423,547	294,471
Effect of foreign exchange rate changes, net	(6,443)	(995)
	<u>373,273</u>	<u>423,547</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	<u>373,273</u>	<u>423,547</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	158,803	85,313
Non-pledged time deposits	214,470	338,234
	<u>373,273</u>	<u>423,547</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	<u>373,273</u>	<u>423,547</u>

NOTES

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint venture and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- the manufacturing segment engages in the sale and manufacturing of footwear and handbag
- the retailing and wholesaling segment engages in the sale of products of self-developed brands

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, interest expense, net fair value gains/(losses) on financial assets at fair value through profit or loss, share of profit of a joint venture as well as unallocated corporate income, expenses, gains and losses are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss, pledged deposits and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2025

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue (note 4)			
Sales to external customers	1,569,515	722	1,570,237
Intersegment sales	432	-	432
	<hr/>	<hr/>	<hr/>
Total segment revenue	1,569,947	722	1,570,669
<i>Reconciliation:</i>			
Elimination of intersegment sales			<hr/> (432)
Revenue			<hr/> 1,570,237 <hr/>
Segment results	155,658	(342)	155,316
<i>Reconciliation:</i>			
Corporate and other unallocated income and gains			45
Corporate and other unallocated expenses and losses			(7,745)
Share of profit of a joint venture			<hr/> 1,630
Operating profit before changes in fair value of financial instruments			149,246
Net fair value gains on financial assets at fair value through profit or loss			<hr/> 8
Operating profit after changes in fair value of financial instruments			149,254
Interest income			12,707
Interest expense			<hr/> (752)
Profit before tax			<hr/> 161,209 <hr/>
Segment assets	1,380,460	47,616	1,428,076
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<hr/> 11,976
Total assets			<hr/> 1,440,052 <hr/>
Segment liabilities	322,803	2,945	325,748
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<hr/> 3,861
Total liabilities			<hr/> 329,609 <hr/>

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Other segment information			
Share of profit of a joint venture	1,630	–	1,630
Impairment of trade receivables, net	2,158	–	2,158
Loss on disposal of items of property, plant and equipment	1,088	–	1,088
Depreciation of property, plant and equipment	49,319	–	49,319
Depreciation of right-of-use assets	6,623	66	6,689
Write-down/(reversal of write-down) of inventories to net realisable value	2,737	(421)	2,316
Income tax expense	24,069	111	24,180
Investment in a joint venture	51,569	–	51,569
Capital expenditure*	<u>91,197</u>	<u>–</u>	<u>91,197</u>

* *Capital expenditure consists of additions to property, plant and equipment, leasehold land and deposits for acquisition of property, plant and equipment and leasehold land, including assets from the acquisition of subsidiaries.*

Year ended 31 December 2024

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue (note 4)			
Sales to external customers	1,542,519	2,595	1,545,114
Intersegment sales	<u>2,391</u>	<u>–</u>	<u>2,391</u>
Total segment revenue	1,544,910	2,595	1,547,505
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(2,391)</u>
Revenue			<u><u>1,545,114</u></u>
Segment results	200,144	(9,522)	190,622
<i>Reconciliation:</i>			
Corporate and other unallocated income and gains			24
Corporate and other unallocated expenses and losses			(8,650)
Share of profit of a joint venture			<u>2,538</u>
Operating profit before changes in fair value of financial instruments			184,534
Net fair value losses on financial assets at fair value through profit or loss			<u>(1,106)</u>
Operating profit after changes in fair value of financial instruments			183,428
Interest income			16,129
Interest expense			<u>(735)</u>
Profit before tax			<u><u>198,822</u></u>
Segment assets	1,374,058	32,659	1,406,717
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>16,649</u>
Total assets			<u><u>1,423,366</u></u>
Segment liabilities	295,376	2,600	297,976
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>7,851</u>
Total liabilities			<u><u>305,827</u></u>

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Other segment information			
Share of profit of a joint venture	2,538	–	2,538
Impairment of trade receivables, net	7,439	8,574	16,013
Gain on disposal of items of property, plant and equipment	10,006	–	10,006
Gain on disposal of a leasehold land	4,184	–	4,184
Depreciation of property, plant and equipment	47,884	60	47,944
Depreciation of right-of-use assets	6,607	21	6,628
Write-down of inventories to net realisable value	662	91	753
Income tax expense	28,584	104	28,688
Investment in a joint venture	49,939	–	49,939
Capital expenditure*	<u>66,980</u>	<u>–</u>	<u>66,980</u>

* *Capital expenditure consists of additions to property, plant and equipment and deposits for acquisition of property, plant and equipment and leasehold land.*

Geographical information

(a) Revenue from external customers

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
North America	739,001	732,874
Europe	362,362	361,676
The People's Republic of China (the "PRC")	271,992	260,219
Asia, other than the PRC	141,615	141,843
Other countries	<u>55,267</u>	<u>48,502</u>
Total revenue	<u>1,570,237</u>	<u>1,545,114</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025	2024
	<i>US\$'000</i>	<i>US\$'000</i>
The PRC	138,873	148,101
Bangladesh	45,590	38,611
Vietnam	156,161	150,859
Indonesia	153,449	112,092
Other countries	76,971	72,304
	<hr/>	<hr/>
Total non-current assets	<u>571,044</u>	<u>521,967</u>

The non-current asset information above is based on the locations of the assets and excludes financial assets.

Information about major customers

Revenue derived from sales of footwear to customers which individually accounted for 10% or more of the Group's revenue is set out below:

	2025	2024
	<i>US\$'000</i>	<i>US\$'000</i>
Derived from the manufacturing segment:		
Customer A	587,932	587,737
Customer B	164,572	N/A*
	<hr/>	<hr/>

* Revenue from this customer did not exceed 10% of the total revenue in the respective year.

4. REVENUE

An analysis of revenue from contracts with customers is as follows:

(i) Disaggregated revenue information

For the year ended 31 December 2025

Segments

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Types of goods			
Sales of footwear and handbags	<u>1,569,515</u>	<u>722</u>	<u>1,570,237</u>
Geographical markets			
North America	739,001	–	739,001
Europe	362,265	97	362,362
The PRC	271,367	625	271,992
Asia, other than the PRC	141,615	–	141,615
Other countries	<u>55,267</u>	<u>–</u>	<u>55,267</u>
Total	<u>1,569,515</u>	<u>722</u>	<u>1,570,237</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>1,569,515</u>	<u>722</u>	<u>1,570,237</u>

For the year ended 31 December 2024

Segments

	Manufacturing <i>US\$'000</i>	Retailing and wholesaling <i>US\$'000</i>	Total <i>US\$'000</i>
Types of goods			
Sales of footwear and handbags	<u>1,542,519</u>	<u>2,595</u>	<u>1,545,114</u>
Geographical markets			
North America	732,874	–	732,874
Europe	361,540	136	361,676
The PRC	257,760	2,459	260,219
Asia, other than the PRC	141,843	–	141,843
Other countries	<u>48,502</u>	<u>–</u>	<u>48,502</u>
Total	<u>1,542,519</u>	<u>2,595</u>	<u>1,545,114</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>1,542,519</u>	<u>2,595</u>	<u>1,545,114</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods. Standard payment terms are generally 30 days and selected payment terms for customers are up to 90 days from delivery, except for new customers, where payment in advance is normally required.

5. OTHER INCOME, OTHER GAINS AND LOSSES, NET AND INTEREST INCOME

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
<u>Other income</u>		
Rental income	2,406	2,620
Sales of scrap	814	779
Government subsidies	497	647
Others	<u>2,988</u>	<u>3,832</u>
Total other income	<u><u>6,705</u></u>	<u><u>7,878</u></u>
<u>Other gains and losses, net</u>		
Gain/(loss) on disposal of items of property, plant and equipment	(1,088)	10,006
Gain on disposal of a leasehold land	–	4,184
Foreign exchange differences, net	<u>(133)</u>	<u>(3,543)</u>
Total other gains and losses, net	<u><u>(1,221)</u></u>	<u><u>10,647</u></u>
<u>Interest income</u>		
Bank interest income	12,282	15,709
Others	<u>425</u>	<u>420</u>
Total interest income	<u><u>12,707</u></u>	<u><u>16,129</u></u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Cost of inventories sold**	1,225,591	1,160,404
Depreciation of property, plant and equipment	49,319	47,944
Depreciation of investment properties	739	721
Depreciation of right-of-use assets	6,689	6,628
Research and development costs	52,392	47,619
Lease payments not included in the measurement of lease liabilities	293	576
Auditors' remuneration	666	641
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	385,548	366,804
Equity-settled share option expense	–	1,243
Pension scheme contributions*	177	148
Severance pay and other related costs	1,114	8,029
Total	<u>386,839</u>	<u>376,224</u>
Write-down of inventories to net realisable value**	<u>2,316</u>	<u>753</u>

* *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions*

** *Included in "Cost of sales"*

7. INCOME TAX

Tax on profits assessable in Mainland China has been calculated at the applicable PRC corporate income tax (“CIT”) rate of 25% (2024: 25%) during the year.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

Macau Complementary Tax has been provided at the rate of 12% (2024: 12%) on the assessable profits arising in Macau during the year.

As approved by the relevant tax authorities in Vietnam, certain subsidiaries of the Company are entitled to the exemption from income taxes for two to four years followed by four to nine years of a 50% tax reduction based on preferential income tax rates, commencing from the first profitable year. The applicable tax rates for the subsidiaries in Vietnam range from nil to 20% for the years ended 31 December 2024 and 2025.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Current – PRC		
Charge for the year	11,916	15,923
Overprovision in prior years	(12,070)	(987)
Current – Macau		
Charge for the year	14,027	7,696
Overprovision in prior years	(2,208)	(1,081)
Current – Elsewhere		
Charge for the year	1,848	111
Pillar Two income taxes*	9,059	2,780
	<u>22,572</u>	<u>24,442</u>
Deferred tax		
– Withholding tax on undistributed profits	1,608	4,246
	<u>24,180</u>	<u>28,688</u>

* *Mainly relates to Macau and Vietnam.*

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under many jurisdictions where minimum top-up tax rule has been implemented. The Group accounts for the additional Pillar Two income taxes as current tax when incurred.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year. As such, the information used is not entirely representative of the actual circumstances in 2025. Based on the assessment, the Group has identified potential exposure and a Pillar Two tax provision amounted to approximately US\$9 million has been provided by the Group in respect of profits earned in Macau and Vietnam where the Pillar Two effective tax rate is below 15%. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

8. DIVIDENDS

	2025	2024
	<i>US\$'000</i>	<i>US\$'000</i>
Interim – HK52 cents (2024: HK65 cents) per ordinary share	55,997	68,167
Proposed final – HK37 cents (2024: HK50 cents) per ordinary share	39,630	53,390
Proposed special – HK56 cents (2024: HK56 cents) per ordinary share	<u>59,980</u>	<u>59,796</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares, excluding a pool of shares maintained by a trustee, of 833,654,475 (2024: 809,492,835) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>137,987</u>	<u>171,049</u>
	Number of shares	
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	833,654,475	809,492,835
Effect of dilution – weighted average number of ordinary shares: Share options	<u>12,457,770</u>	<u>17,286,408</u>
Total	<u>846,112,245</u>	<u>826,779,243</u>

10. TRADE RECEIVABLES

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Trade receivables	280,305	277,205
Impairment	<u>(46,152)</u>	<u>(42,653)</u>
Net carrying amount	<u>234,153</u>	<u>234,552</u>

The Group's trading terms with its customers are mainly on credit. The standard payment terms are generally 30 days and selected customers up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral over its trade receivable balances. Trade receivables are non-interest-bearing except for certain overdue trade receivables on selected customers at annual interest rate of 5%.

Included in the Group's gross trade receivable, there is amount due from an associate of US\$42,108,000 (2024: US\$40,270,000) with a provision for expected credit losses amounting to US\$41,610,000 (2024: US\$40,270,000) which is repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Within 1 month	101,185	112,285
1 to 2 months	86,629	84,535
2 to 3 months	42,130	32,298
3 to 6 months	4,209	5,434
	<hr/>	<hr/>
Total	234,153	234,552
	<hr/> <hr/>	<hr/> <hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
At beginning of year	42,653	48,716
Impairment losses, net	2,158	16,013
Amounts written off as uncollectible	–	(22,076)
Exchange realignment	1,341	–
	<hr/>	<hr/>
At end of year	46,152	42,653
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis is performed at each reporting date by assigning an internal credit rating with reference to the historical record of the Group and comparing it with comparable companies with published credit ratings to determine the probability of default. Loss given default is estimated based on market information and is adjusted to reflect the effect of credit enhancement and other information of the specific debtors. The loss rate is then adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. Generally, trade receivables are written off if past due for more than 1 year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	<i>Notes</i>	Expected credit loss rate* <i>%</i>	Gross carrying amount <i>US\$'000</i>	Expected credit losses <i>US\$'000</i>
As at 31 December 2025				
Class of credit rating				
Class 1 to Class 3	<i>(i) to (iii)</i>	1.31-1.49	235,868	3,096
Class 4	<i>(iv)</i>	98.73	44,437	43,056
Total			280,305	46,152
As at 31 December 2024				
Class of credit rating				
Class 1 to Class 3	<i>(i) to (iii)</i>	1.10-1.20	235,345	2,093
Class 4	<i>(iv)</i>	97.14	41,860	40,560
Total			277,205	42,653

* *The range of the expected credit loss rates is due to the different geographical locations of the customers.*

Notes:

- (i) Class 1 customers maintain active business with the Group and have a good repayment history. Receivables were not yet past due.
- (ii) Class 2 customers have no recent transactions with the Group but have a good repayment history. Receivables were not yet past due.
- (iii) Class 3 customers have past due receivables but the Group expects that the receivables can be recovered.
- (iv) Class 4 customers have past due receivables and the Group expects a higher risk of irrecoverability for the receivables.

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Within 1 month	78,795	75,166
1 to 2 months	11,446	8,296
Over 2 months	6,702	11,642
Total	96,943	95,104

Included in the trade payables are trade payables of US\$38,960,000 (2024: US\$42,634,000) due to a joint venture which are repayable within 90 days, which represents credit terms similar to those offered by the joint venture to its major customers.

Trade payables are non-interest-bearing and are normally settled on a credit term of 60 days.

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2025, we navigated a year marked by stronger macroeconomic headwinds and constant shifts in the global tariff landscape. These pressures weighed more on our profitability compared with recent years and were further compounded by short-term profitability challenges related to the ramp-up of our manufacturing capacity in Indonesia and the Philippines.

Yet demand for our products and our diversified manufacturing capacity remained strong, with shipment volumes growing by 3.8%. This demonstrated both our resilience and the strength of our relationships with customers – new and existing – and reflected the disciplined execution of our now-concluded first Three-Year Plan (2023-2025), under which we delivered on nearly all of our strategic objectives.

The first of these goals was to enhance our category mix in line with our unique strengths and capabilities. Over the past three years, we have added several well-known Sports, high-end Fashion and Luxury brands to our customer portfolio. Many were initially drawn to our design and commercialisation expertise, and demand then grew as our products achieved strong sell-through both online and in stores.

The second was to expand and diversify our manufacturing footprint. While this area presented more challenges, such as land-acquisition delays to teething issues associated with the ramp-ups, we nevertheless established a strong production base into lower-cost regions, strengthening our long-term cost position and offering our customers further production diversification.

Our third and fourth goals were to optimise management effectiveness and efficiency, and to strengthen cost discipline and the use of working capital. After reaching 21.6% in 2024, our Return on Invested Capital (ROIC) remained a solid 16.3% in 2025, compared with 10% in 2019. This reflects improvements in our customer mix and risk-reward management, the revamp of our raw-material planning processes, support for upstream suppliers as they transitioned to new production regions, and the embedding of a ROIC-focused approach in our capital expenditure planning.

In addition to these achievements, we broadly met the two profitability targets set out under our first Three-Year Plan (2023-2025): achieving a 10% operating margin and delivering low-teens annualised growth in profit after tax. We exceeded these targets in 2023 and 2024, but faced short-term macroeconomic and operational pressures in 2025. Taken together, this still represents a solid outcome for the 2023-2025 period.

We aim to build on this success through our new Three-Year Plan (2026-2028). On the demand side, we will continue to grow with our new Luxury and high-end Fashion customers, supporting their expansion into new product categories and helping them drive greater innovation across their collections. We will also further diversify our sources of revenue by ramping up production for our new Sports customers, strengthening their leadership in product innovation by establishing and developing our R&D base in Vietnam.

On the supply side, we are focused on commissioning and ramping up our three new factories in Indonesia, Bangladesh and Vietnam, which together with our factory in Solo, Indonesia, will add approximately 20 million pairs of additional production capacity over the coming years, while completing our current investment cycle. We have applied the important lessons learned from overcoming the ramp-up challenges in Indonesia in 2025, enabling us to proceed more smoothly in this area in the years ahead.

We are also committed to establishing our handbag and accessories manufacturing business as a core growth driver under our new Three-Year Plan (2026-2028), following the acquisition of a high-end handbag factory in Vietnam in the second half of 2025. The new facility will elevate our craftsmanship, product quality and R&D capabilities in this category, which will enable us to further develop and scale up this business.

Finally, we remain steadfast in delivering value to our shareholders. I am pleased to announce that the Board has recommended the payment of a final dividend of HK37 cents per ordinary share. Together with our previously announced interim dividend of HK52 cents per ordinary share, this is in line with our normal payout ratio of approximately 70% of adjusted net profit.

We are also delighted to announce the recommendation of a special dividend of HK56 cents per ordinary share, fulfilling our commitment to return US\$60 million annually to shareholders during the three years from 2024 to 2026 under our excess cash return program, as outlined in our interim results announcement for the six months ended 30 June 2024 (“Excess Cash Return Programme”). Under this program, we plan to distribute a further US\$60 million to shareholders for the 2026 financial year through a combination of share repurchases and special dividends, in addition to our normal dividend payout ratio of approximately 70%.

Finally, we continue to be recognised for our progress in strengthening sustainability and transparency practices. In August 2025, our MSCI ESG rating was upgraded from ‘A’ to ‘AA’ – our second consecutive annual improvement.

As we look to the future, I would also like to express my sincere appreciation to our customers, business partners and employees, whose support has been instrumental to our progress over the past three years and remains the foundation on which we will continue to build in the years ahead.

Chen Li-Ming, Lawrence

Chairman

Hong Kong, 19 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the “Board”) of Stella International Holdings Limited (“Stella” or the “Company”) is pleased to present the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025.

Business Strategies

Stella is widely known within the footwear industry for its unparalleled product design and commercialisation capabilities, ‘artisan level’ craftsmanship, uncompromising commitment to quality, speed-to-market, and small batch production flexibility, supported by a broad, diverse, and proven manufacturing base located in Vietnam, the People’s Republic of China (the “PRC”), Indonesia, the Philippines and Bangladesh. Over the years, we have provided customers with an all-rounded skillset, integrated and accumulated from developing a broad product base spanning Luxury, high-end Fashion, athleisure and outdoor Sports footwear.

We have adopted a customer-centric business model, delivering premium product development services and tailored manufacturing solutions for each unique design. With a diversified production base, we offer both exceptional quality and added value.

We are also seeking ways in which to apply the same business model in similar business streams that synergise well with the client base of our manufacturing business. In late 2021, we incorporated our earlier acquired handbag and accessories manufacturing business into the Company as we aim to become a total solutions provider for our premium customers.

Three-Year Plan (2026-2028)

We recently concluded our first Three-Year Plan (2023–2025) for long-term growth and margin expansion, under which we set two profitability targets: achieving a 10% operating margin and delivering low-teens annualized growth in profit after tax. We exceeded these targets in 2023 and 2024 as we strengthened our category mix, broadened and deepened our customer base, and optimised our manufacturing footprint. In 2025, we continued making advances in each of these areas, even as we navigated short-term operational pressures and were faced with the unexpected changes in global trade tariff.

With our next Three-Year Plan (2026-2028), we will build on the strong foundation and momentum we have created. Our key initiatives and profitability targets are outlined below.

Fully leverage our unique strengths and premium product development capabilities to build market leadership, meet evolving customer expectations and capture higher-value opportunities:

- Strengthen our collaboration with Luxury and high-end Fashion customers, supporting their expansion into new product categories and drive greater innovation across their collections.
- Further deepen our relationships with major global sports brands and fast-growing Sports and Fashion footwear brands, leveraging our R&D capabilities to develop premium, differentiated and complex products to support their growth, innovation and leadership in athleisure.

Expand and diversify our manufacturing base to support our future growth and proximity to major markets:

- Commission and ramp-up three new factories in Indonesia, Vietnam and Bangladesh, while also adding approximately 20 million pairs to our total production capacity over the coming years to meet current and future demand.
- Establish a R&D and product development centre in Vietnam to accelerate growth across this core manufacturing hub and support diversification of our production base.

Transformation of our handbag and accessories manufacturing business:

Transform our handbag and accessories manufacturing business into a core growth driver through acquisitions and portfolio diversification, creating new revenue stream and strengthening its competitive differentiation.

Strengthen cost efficiency and operational excellence:

- Optimise management, decision-making and cost controls to enhance execution and protect margins.
- Further diversify and expand revenue contribution from outside North America to reduce overall risk.

Target for Three-Year Plan (2026 – 2028)

Profit After Tax CAGR¹: High-single-digit %

The first year of the Three-Year Plan (2026-2028) will be an investment year and we expect the majority of the Profit After Tax growth to materialise in the latter part of the 2026-2028 period.

¹ CAGR: abbreviation for “Compound Annual Growth Rate”

Business Review

In the year ended 31 December 2025, demand for our products and diversified manufacturing capacity remained strong, even against a more challenging operating environment. Our non-customer-exclusive manufacturing facilities operated at close to full utilisation as we continued to ramp-up new customers in the Sports and high-end Fashion segments, supporting 3.8% growth in shipment volumes.

However, our performance was weighed down by shortfalls in production efficiency associated with the ramp-up of our new production facility in Indonesia and the Philippines, as well as by tariff support provided to selected U.S. customers as they worked to pass through price adjustments.

The key financial performance indicators of the Company include revenue, gross profit and operating profit. An analysis of these indicators during the year ended 31 December 2025 is as follows:

Revenue

In 2025, our consolidated revenue increased by 1.6% to US\$1,570.2 million (2024: US\$1,545.1 million). Shipment volumes rose by 3.8% to 55.0 million pairs (2024: 53.0 million pairs), mainly driven by our Sports segment and solid demand from our new customers for whom we are ramping up production. The average selling price (“ASP”) of our footwear products decreased by 2.5% to US\$27.7 per pair (2024: US\$28.4 per pair) due to the growth of the Sports segment which has a lower ASP.

In terms of product category, sales in our Sports category increased by 9.5%, accounting for 48.2% of total manufacturing revenue (2024: 44.5%). This was driven by higher shipments to our largest Sports customer and other existing Sports customers, as well as the ramp-up with a new Sports customer launching fresh collections and styles. Revenue attributed to our Fashion and Luxury categories – whose products have a similar level of ASP – together recorded a net decrease of 9.0% (decrease of 9.8% and 6.3% respectively) and accounted for 24.2% and 7.7% of total manufacturing revenue respectively (2024: 27.1% and 8.4%), due to softer demand from select US customers, the delay of some shipments from the fourth quarter of 2025 to early 2026, our optimisation of capacity allocation from Luxury and Fashion to new sports customers. Revenue attributed to our Casual category increased by 0.8%, accounting for 19.9% (2024: 20.0%) of total manufacturing revenue.

Geographically, North America and Europe are our two largest markets, accounting for 47.1% and 23.1% of the total revenue of the Group during the year under review. Following these, the PRC (including Hong Kong), Asia (other than the PRC) and other geographic regions contributed 17.3%, 9.0% and 3.5% of the Group's total revenue respectively.

Revenue attributed to our branding business (namely the wholesale business for our own retail footwear brand Stella Luna in the PRC) which was further scaled down during the year under review, decreased by 72.2% to US\$0.7 million.

Gross profit

Our gross profit for the year decreased by 10.9% to US\$342.3 million (2024: US\$384.0 million). Our gross profit margin was 21.8% (2024: 24.9%). The reduction in gross profit and gross profit margin was attributed to:

- (a) gross profit margin pressure caused by:
 - i. lower efficiency levels among new workers in our Philippines and Indonesia production lines;
 - ii. the subsequent slower-than-anticipated ramp-up of the new footwear factory in Indonesia, which led the Group to redirect some production to its footwear factories in Vietnam, resulting in higher production costs, overtime expenses and airfreight costs; and
- (b) scaling down new production lines in the Philippines in the second half of 2025, which resulted in lower production and elevated headcount.

Operating profit

The reported operating profit² of the Group for the year under review decreased by 19.1% to US\$149.2 million (2024: US\$184.5 million). The operating profit margin (before changes in fair value of financial instruments) of the Group for the year under review was 9.5% (2024: 11.9%). The reduction in operating profit and operating profit margin was attributed to:

- (a) the decrease in gross profit during the year under review; and
- (b) higher research and development-related costs associated with ramping-up production for the Group's new customers and expansion in Vietnam.

² *Reported operating profit is the Group's operating profit before changes in fair value of financial instruments.*

Net results

The Group recorded a net profit of US\$137.0 million during the year under review (2024: US\$170.1 million), with no change in the marked-to-market net fair value on financial instruments related to its investment in Lanvin Group Holdings Limited (“Lanvin Group”) listed on the New York Stock Exchange (2024: marked-to-market net fair value loss of US\$1.1 million).

Therefore, the Group recorded an adjusted net profit³ of US\$137.0 million (2024: US\$171.2 million) and an adjusted net profit³ margin of 8.7% (2024: 11.1%).

The reduction in net profit and net profit margin was attributed to:

- (a) the decrease in gross profit and operating profit during the year under review; and
- (b) lower interest income due to:
 - i. lower interest rates; and
 - ii. a reduction in our net cash position due to higher capital expenditures and the return of additional cash of US\$60 million in May 2025 (by way of payment of special dividend for the year ended 31 December 2024) under our excess cash return program to benefit our shareholders.

Return on invested capital

In 2025, we delivered a solid Return on Invested Capital (ROIC)⁴ of 16.3%, significantly above the approximately 10% ROIC recorded in 2019 before we started executing our long-term strategies. This outcome was driven by strong working capital optimisation and efficiency, and a disciplined approach to capital expenditure and investments focused on maximising returns.

³ *Adjusted net profit represents the profit for the year excluding any change in the net fair value of the Group’s investment in Lanvin Group.*

⁴ *Return on Investment Capital in 2025 = Net Operating Profit After Tax of US\$125.0 million divided by Invested Capital (i.e. Working Capital + Fixed Assets) of US\$767.7 million. Net Operating Profit After Tax refers to Operating Profit x (1- effective tax rate) while working capital (current assets minus current liabilities excluding cash) plus fixed assets are based on our year-end balance sheet figures.*

Solid net cash position

We maintained our strong focus on managing our working capital usage and cash flow, with our capital expenditure projects progressing slower than expected in 2025. As of 31 December 2025, our net cash position was US\$367.4 million, compared to a net cash position of US\$417.6 million as at 31 December 2024, following the final dividend payment for the 2024 financial year, interim dividend payment for the six-month period ended 30 June 2025, and additional cash of US\$60 million returned in May 2025 (by way of payment of special dividend) under our excess cash return program. Therefore, the Group's net gearing ratio⁵ was -33.1% as at 31 December 2025, compared to -37.4% as at 31 December 2024.

Recognitions and Awards

Our sustainability efforts continue to be recognised by distinguished external parties. During 2025, our MSCI ESG rating was upgraded from 'A' to 'AA' by MSCI ESG Research – our second consecutive annual upgrade. The latest upgrade recognised the progress we have made in key areas, particularly raw material sourcing and product carbon footprint management.

We also strengthened our climate change commitment by setting Near-term Science Based Targets (SBT) covering all three scopes of our greenhouse gas (GHG) emissions.

Outlook

We expect the shifting global tariff landscape to remain a headwind in 2026 and we will continue to monitor the situation and our customers' responses. At the same time, 2026 will be a key investment year for our Group, with our diversified manufacturing base remaining a core differentiator, supporting both customer retention and new-customer acquisition.

As we embark on our second Three-Year Plan (2026-2028) to accelerate long-term growth and margin expansion, our foremost priority in 2026 is the commissioning and orderly ramp-up of three new manufacturing facilities: our second factory in Bangladesh, a dedicated facility for our largest Sports customer in Indonesia, and a small-scale factory for a new Sports customer in Vietnam. We also plan to complete a new R&D and product development hub in Vietnam. We are confident in our ability to minimise ramp-up risks by applying the lessons learned from successfully addressing the challenges at our Solo, Indonesia factory in 2025, including strengthening production-quality training, enforcing greater discipline in production planning and material utilisation, and enhancing upstream quality control.

⁵ *Net gearing ratio = net debt/shareholder equity.*

Over the coming years, these three new facilities, together with our factory in Solo, Indonesia, are expected to add an additional 20 million pairs of production capacity. However, the contribution of our three new factories in 2026 will be modest, reflecting the lead time required for full commissioning and customer certification, which is expected to be completed in the second half of 2026. We also remain committed to ramping up our capacity utilization in Solo, Indonesia over the longer term. To address the distinct challenges encountered there, we are applying the same lessons while investing in stronger management and operational training and placing greater emphasis on automation.

Despite these ramp-ups and broader market uncertainties, our non-customer-exclusive manufacturing facilities are expected to operate at close to full utilisation in 2026, supported by strong demand from our new Sports and high-end Fashion customers. Given our strong product development pipeline, we remain well placed and focused on winning additional customers in these segments as more brands reassess their supply chain strategies and consolidate with strategic vendors that offer differentiation, high quality and value. Meanwhile, we expect our dedicated factories for our largest Sports customer in the PRC to experience operating deleverage in 2026 as its product mix shifts from export-orientated footwear styles to styles targeted at the domestic PRC market.

Additionally, 2026 will be an important year for our handbag and accessories manufacturing business as we aim to develop it into a core growth driver under our second Three-Year Plan. We will focus on integrating our newly acquired handbag and accessories factory in Vietnam, leveraging its high-end production expertise and experienced team to improve quality levels and production efficiency.

We remain fully committed to returning up to US\$60 million of additional cash to shareholders in 2026 through share repurchases and special dividends, following the return of US\$120 million additional cash across 2024 and 2025, on top of paying regular dividends with a payout ratio of approximately 70% (comprising final dividends and interim dividends). Both this planned return of cash and our increased capital expenditure for 2026 for new factories and Vietnam R&D centre are already fully pre-funded within our balance sheet.

Cash Return to Shareholders

As we work towards implementing our strategies, we remain committed to returning profit and providing attractive returns to our shareholders.

After considering the Group's free cash flow situation, strong cash levels, and pre-funded capital expenditure projects, the Board has resolved to recommend the payment of a final dividend of HK37 cents per ordinary share. Combined with the interim dividend of HK52 cents per ordinary share, this maintains the Company's normal payout ratio of approximately 70% set against our adjusted net profit³ of US\$137.0 million.

The Group remains committed to returning additional cash up to US\$60 million per year to shareholders in 2025 and 2026, through a combination of share repurchases and special dividends, on top of paying regular dividends with a payout ratio of approximately 70%. As the Group did not conduct any share repurchase during the year, the Board has resolved to recommend payment of a special dividend of HK56 cents per ordinary share.

As a result, the Group's full-year dividend (subject to shareholders' approval of the proposed final dividend and special dividend at the forthcoming annual general meeting) declared for the year ended 31 December 2025 (comprising interim dividend, final dividend and special dividend) is HK145 cents per ordinary share.

The Group remains committed to returning additional cash up to US\$60 million per year to shareholders in 2025 and 2026, through a combination of share repurchases and special dividends, on top of paying regular dividends with a payout ratio of approximately 70%.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2025, the Group had cash and cash equivalents of approximately US\$373.3 million (31 December 2024: US\$423.5 million), representing a decrease of 11.9% compared to 31 December 2024, following the return of additional cash of US\$60 million in May 2025 (by way of payment of special dividend) under our excess cash return program.

During the year under review, cash generated from operations was US\$194.7 million (2024: US\$264.1 million).

Net cash outflows used in investing activities were US\$81.4 million during the year under review (2024: US\$31.4 million), representing a decrease of 159.2%. Capital expenditure amounted to approximately US\$91.2 million during the year under review (2024: US\$67.0 million).

As at 31 December 2025, the Group had current assets of approximately US\$860.7 million (2024: US\$893.2 million) and current liabilities of approximately US\$299.0 million (2024: US\$279.1 million). The current ratio (which is calculated on the basis of current assets over current liabilities) was 2.9 as at 31 December 2025 (2024: 3.2), an indication of the Group's high liquidity and healthy financial position.

Bank Borrowings

The Group had bank borrowings of US\$5.8 million as at 31 December 2025 (2024: US\$5.9 million), which are principally denominated in New Taiwan dollars, Hong Kong dollars and U.S. dollars, with an effective interest rate of 1.11%-5.00%.

The Group maintained a net cash position of US\$367.4 million as at 31 December 2025 (31 December 2024: US\$417.6 million). Therefore, the Group's net gearing ratio⁵ was -33.1%⁶ as at 31 December 2025 compared to -37.4% as at 31 December 2024.

Foreign Currency Exposure

During the year under review, the Group's sales were mostly denominated in U.S. dollars, while the purchase of raw materials and operating expenses were mostly denominated in U.S. dollars and RMB. Currency exposures were mostly in RMB and Hong Kong dollars against US dollars, the functional currency of the Group.

Pledge of Assets

As at 31 December 2025, the Group had pledged US\$11.1 million of its assets (31 December 2024: US\$10.7 million).

Contingent Liabilities

As at 31 December 2025, the Group had no contingent liabilities (31 December 2024: Nil).

Material Acquisition and Disposal

During the year ended 31 December 2025, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures. The Group completed the acquisition of a small handbag and accessories factory in Vietnam in July 2025 to support the growth and future development of its handbag and accessories manufacturing business, which transaction is not subject to any disclosure or shareholders' approval requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Significant Investment

As at 31 December 2025, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

Future Plan for Material Investments or Capital Assets

The Directors confirmed that, as at the date of this announcement, there was no plan for any material investment or to acquire capital assets other than those in the Group's ordinary business.

Major Customers and Suppliers

Customers and suppliers are our core stakeholders. We believe their successes are indispensable to our growth. Also, an effective alignment between them is the key to high-performing supply chain competitiveness. Our brand customers evaluate supply chain performance on product commercialisation, quality, on-time delivery and efficiency. The Company consistently places within the top 10 percentile of the vendors' evaluations of our brand customers.

We treasure our alliance with these long-term partners and we will continue to build strategic and fruitful relationships with them to enable continuous improvements in quality, craftsmanship, innovation, speed to market and small-batch production.

Employees

As at 31 December 2025, the Group had approximately 45,400 direct employees (2024: 42,600) and an overall workforce of approximately 65,400 (2024: 63,200). Our overall workforce includes both direct employees of the Group and employees indirectly employed by the Group (which refers to workers supplied by contractor companies under labour supply agreements). We cultivate a caring, sharing and learning culture among our employees and believe that human resources are significant assets to the Group's development and expansion. We actively seek to attract, develop and retain individuals who are proactive, positive, committed to and passionate about our business.

The Group has continued to build a strong management team internally through effective learning and promotion programs, including our "Leadership Programme" to identify potential high calibre colleagues, to assess the quality of senior management and ultimately to determine appropriate incentives and other human resources development measures. With a view to recognising and rewarding the contribution of employees, as well as providing incentives to employees in order to retain them for the continual operation and development of the Group and attract suitable personnel for the further development of the Group, the Company has adopted a share option scheme and a share award scheme.

DIVIDEND

The Board recommended the payment of a final dividend of HK37 cents per ordinary share to shareholders of the Company (the "Shareholders") for the year ended 31 December 2025. In addition to the payment of a final dividend, the Board recommended the payment of a special dividend of HK56 cents per ordinary share to the Shareholders for the year ended 31 December 2025 in recognition of the continual support of the Shareholders. The proposed final dividend and special dividend, amounting to approximately US\$39.6 million and US\$60.0 million respectively, will be paid to Shareholders whose names appear on the register of members of the Company on Wednesday, 20 May 2026, if the proposals are approved by the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on Thursday, 14 May 2026. It is expected that the final dividend and special dividend, if approved, will be paid on Friday, 5 June 2026.

In order to qualify for the proposed final dividend and special dividend to be approved at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 May 2026 to Thursday, 14 May 2026 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting of the Company to be held on Thursday, 14 May 2026, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 May 2026.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF ERNST AND YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst and Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2025.

IMPORTANT EVENTS SUBSEQUENT TO THE YEAR

The Directors are not aware of any important events affecting the Company and its subsidiaries which have occurred since the end of the financial year.

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

Hong Kong, 19 March 2026

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. Wan Sin Yee, Cindy and Ms. Ma Hui-Fan, Connie.