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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS:

- Revenue increased by 1.5% to US$786.7 million
- Operating profit was US$74.3 million and net profit reported as US$63.6 million
- 2026 is an important investment year, with progress on commissioning three new factories and Vietnam product development centre on track
- Integration and investment to expand handbag manufacturing business underway
- Maintained healthy net cash position at US$191.7 million
- Declared interim dividend of HK42 cents per share representing a dividend payout ratio of approximately 70%

* *For identification purpose only*

The board (the "Board") of directors (the "Directors") of Stella International Holdings Limited ("Stella" or the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group" or "we") for the six months ended 30 June 2026 (the "period under review"), together with the comparative figures for the corresponding period in 2025 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**786,672**	775,074
Cost of sales		**(626,854)**	(599,916)
Gross profit		**159,818**	175,158
Other income		**4,533**	3,375
Other gains and losses, net		**6,591**	3,203
Selling and distribution expenses		**(19,644)**	(20,336)
Administrative expenses		**(78,379)**	(77,538)
Impairment losses of financial assets, net		**(372)**	(329)
Share of profit of a joint venture		**1,738**	1,191
Operating profit before changes in fair value of financial instruments		**74,285**	84,724
Net fair value gains/(losses) on financial instruments		**(644)**	219
Operating profit after changes in fair value of financial instruments		**73,641**	84,943
Interest income		**4,491**	7,223
Interest expense		**(424)**	(297)
PROFIT BEFORE TAX	*5*	**77,708**	91,869
Income tax expense	*6*	**(14,122)**	(13,752)
PROFIT FOR THE PERIOD		**63,586**	78,117

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

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
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		**6,852**	(265)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**6,852**	(265)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**70,438**	77,852
Profit for the period attributable to:			
Owners of the parent		**64,040**	78,633
Non-controlling interests		**(454)**	(516)
		63,586	78,117
Total comprehensive income for the period attributable to:			
Owners of the parent		**70,892**	78,377
Non-controlling interests		**(454)**	(525)
		70,438	77,852
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic for profit for the period (in US cents)		**7.8**	9.5
(equivalent to HK cents)		**60.9**	74.3
– Diluted for profit for the period (in US cents)		**7.6**	9.3
(equivalent to HK cents)		**59.8**	73.1

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 US$'000 (Unaudited)**	31 December 2025 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**459,569**	428,402
Investment properties		**603**	974
Right-of-use assets		**71,225**	77,615
Goodwill		**2,013**	2,013
Investment in a joint venture		**53,307**	51,569
Investments in associates		**–**	–
Financial assets at fair value through profit or loss	*11*	**1,717**	2,363
Pledged deposits		**6,033**	5,953
Deposits for acquisition of property, plant and equipment and leasehold land		**10,140**	10,471
Total non-current assets		**604,607**	579,360
CURRENT ASSETS			
Inventories		**223,040**	217,428
Trade receivables	*10*	**312,141**	234,153
Prepayments, deposits and other receivables		**42,635**	35,825
Financial assets at fair value through profit or loss	*11*	**15**	13
Cash and cash equivalents		**210,206**	373,273
Total current assets		**788,037**	860,692
CURRENT LIABILITIES			
Trade payables	*12*	**89,712**	96,943
Other payables and accruals		**91,580**	131,667
Interest-bearing bank borrowings		**15,577**	2,324
Lease liabilities		**3,042**	3,400
Tax payable		**73,756**	64,678
Total current liabilities		**273,667**	299,012
NET CURRENT ASSETS		**514,370**	561,680
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,118,977**	1,141,040

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2026

	Notes	**30 June 2026** *US$'000* **(Unaudited)**	31 December 2025 *US$'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,930**	3,510
Lease liabilities		**5,388**	7,100
Deferred tax liabilities		**20,706**	19,987
Total non-current liabilities		**29,024**	30,597
Net assets		**1,089,953**	1,110,443
EQUITY			
Equity attributable to owners of the parent			
Share capital		**10,796**	10,742
Share premium and reserves		**1,065,619**	1,085,709
		1,076,415	1,096,451
Non-controlling interests		**13,538**	13,992
Total equity		**1,089,953**	1,110,443

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**77,708**	91,869
Interest income		**(4,491)**	(7,223)
Depreciation of property, plant and equipment	*5*	**26,980**	24,436
Depreciation of investment properties	*5*	**406**	385
Depreciation of right-of-use assets	*5*	**3,334**	3,277
Impairment losses of financial assets, net		**372**	329
Gain on disposal of subsidiaries	*5*	**(8,897)**	–
Other adjustments		**(585)**	406
Operating profit before changes in working capital		**94,827**	113,479
Changes in working capital		**(138,697)**	(106,301)
Other operating cash flows		**(4,512)**	(3,272)
Net cash flows from/(used in) operating activities		**(48,382)**	3,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**4,491**	7,223
Purchases of items of property, plant and equipment		**(63,128)**	(32,516)
Deposit paid for acquisition of items of property, plant and equipment		**(512)**	(62)
Proceeds from disposal of subsidiaries		**20,861**	–
Proceeds from disposal of items of property, plant and equipment		**25**	171
Placement of pledged time deposits		**(80)**	(80)
Net cash flows used in investing activities		**(38,343)**	(25,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**70,302**	107,010
Repayment of bank loans		**(57,577)**	(54,567)
Dividends paid		**(100,152)**	(113,186)
Interest paid		**(238)**	(179)
Principal portion of lease payments		**(1,598)**	(1,606)
Proceeds from issue of shares upon exercise of share options		**4,223**	13,597
Proceeds from disposal of shares under share awards scheme		**4,957**	–
Net cash flows used in financing activities		**(80,083)**	(48,931)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2026

	Notes	Six months ended 30 June **2026** ***US$'000*** **(Unaudited)**	 2025 *US$'000* (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(166,808)**	(70,289)
Cash and cash equivalents at beginning of period		**373,273**	423,547
Effect of foreign exchange rate changes, net		**3,741**	(2,472)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**210,206**	350,786
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**147,990**	93,746
Non-pledged time deposits		**62,216**	257,040
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position		**210,206**	350,786

NOTES

30 June 2026

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

This interim condensed consolidated financial information has 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. This unaudited interim condensed consolidated financial information is presented in the United States dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the amended HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2025, for management purposes, the Group was organised into business units based on their products and had 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

Effective from the year of 2026, the Group revised the composition of its operating segment(s) to align with changes made in the manner the Chief Operating Decision Maker ("CODM") reviews the Group's operating results. The CODM now assesses the Group's performance as a whole as a result of the retailing and wholesaling segment becoming less significant relative to the overall business of the Group. Accordingly, the corresponding segment information for the six months ended 30 June 2025 has been re-presented. Since 1 January 2026, the Group has only one reportable operating segment and no segment information is presented.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**786,672**	775,074

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Types of goods		
Sales of footwear and handbag	**786,672**	775,074
Geographical markets		
The People's Republic of China (the "PRC")	**114,543**	119,990
Asia (other than the PRC)	**73,520**	69,743
Europe	**211,464**	181,314
North America	**363,393**	377,120
Others	**23,752**	26,907
Total	**786,672**	775,074
Timing of revenue recognition		
Goods transferred at a point in time	**786,672**	775,074

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**627,999**	599,644
Depreciation of property, plant and equipment	**26,980**	24,436
Depreciation of investment properties	**406**	385
Depreciation of right-of-use assets	**3,334**	3,277
Severance payments and other related costs	**2,528**	4
Provision/(write back of provision) against inventories, net	**(1,145)**	272
Bank interest income	**(4,289)**	(7,014)
Interest income from financial assets at fair value through profit or loss	**(202)**	(209)
Losses on disposal of items of property, plant and equipment	**95**	1,073
Gain on disposal of subsidiaries	**(8,897)**	–
Foreign exchange differences, net	**2,211**	(4,276)

6. INCOME TAX

Tax on profits assessable in Mainland China has been calculated at the applicable PRC corporate income tax rate of 25% (2025: 25%) during the six months ended 30 June 2026.

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2026, 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 (2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%).

Macau Complementary Tax has been provided at the rate of 12% (2025: 12%) on the assessable profits arising in Macau during the six months ended 30 June 2026.

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 six months ended 30 June 2025 and 2026.

6. INCOME TAX (Continued)

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current		
Charge for the period:		
– PRC	**4,421**	1,961
– Macau	**3,977**	3,997
– Elsewhere	**2,263**	1,236
Pillar Two income taxes	**2,743**	4,948
	13,404	12,142
Deferred tax	**718**	1,610
Total	**14,122**	13,752

7. DIVIDENDS

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Final dividend – HK37 cents (2025: HK50 cents) per ordinary share	**39,846**	53,390
Special dividend – HK56 cents (2025: HK56 cents) per ordinary share	**60,306**	59,796
	100,152	113,186

On 20 August 2026, the board of directors (the "Board") declared an interim dividend of HK42 cents per ordinary share, amounting to approximately US$45,212,000.

8. 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 period 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 824,807,517 (six months ended 30 June 2025: 830,294,950) outstanding during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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:

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**64,040**	78,633

	Number of shares	
	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**824,807,517**	830,294,950
Effect of dilution – weighted average number of ordinary shares:		
Share options	**14,526,545**	14,244,374
Total	**839,334,062**	844,539,324

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of US$63,971,000 (2025: US$32,607,000).

Assets with a net book value of US$120,000 were disposed of by the Group during the six months ended 30 June 2026 (2025: US$1,244,000), resulting in a net loss on disposal of US$95,000 (2025: US$1,073,000).

10. TRADE RECEIVABLES

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:

	30 June 2026	31 December 2025
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 1 month	**155,393**	101,185
1 to 2 months	**93,952**	86,629
2 to 3 months	**50,082**	42,130
3 to 6 months	**12,714**	4,209
Total	**312,141**	234,153

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.

Included in the Group's gross trade receivables, there is amount due from an associate of US$42,914,000 (31 December 2025: US$42,108,000), with a provision of expected credit losses amounting to US$42,570,000 (31 December 2025: US$41,610,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**30 June 2026 *US$'000* (Unaudited)**	31 December 2025 *US$'000* (Audited)
Listed equity investment, at fair value	*(a)*	**1,717**	2,363
Listed debt investment, at fair value		**15**	13
Total		**1,732**	2,376
Non-current assets		**1,717**	2,363
Current assets		**15**	13
Total		**1,732**	2,376

The above listing investments were classified as financial assets at fair value through profit or loss as they were held for trading.

Note:

(a) As at 30 June 2026, the Group holds 1,175,790 (31 December 2025: 1,175,790) shares of a company, which was listed on the New York Stock Exchange.

The investments were classified as financial assets at fair value through profit or loss and measured at fair value at initial recognition at the end of the reporting period. During the six months ended 30 June 2026, fair value loss of US$646,000 (2025: fair value gain of US$212,000) was recognised in profit or loss.

12. TRADE PAYABLES

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

	30 June 2026 *US$'000* (Unaudited)	31 December 2025 *US$'000* (Audited)
Within 1 month	**80,402**	78,795
1 to 2 months	**5,399**	11,446
Over 2 months	**3,911**	6,702
Total	**89,712**	96,943

Included in the trade payables are trade payables of US$45,038,000 (31 December 2025: US$38,960,000) due to a joint venture which are repayable within 90 days and have 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,

2026 is an important investment year under our current Three-Year Plan (2026-2028) to position Stella for long-term growth and margin expansion.

Within our footwear manufacturing business, our foremost priority is commissioning three new facilities: a dedicated factory in Indonesia for our largest Sports customer, a smaller-scale facility in Vietnam for a new Sports partner, and our second Bangladesh factory that will add to our capacity to meet current and future demand.

Strengthening our design and commercialisation capabilities is another major focus. In tandem with our operational expansion in Vietnam, we are establishing a dedicated product development centre for a new Sports customer alongside a broader R&D hub for all our footwear customers. These investments in product innovation are essential for reinforcing our market leadership and building into our long-held strengths, especially our proven reputation for quality and innovation.

Indeed, these strengths have proven to be a vital anchor as we continue to navigate persistent economic, geopolitical and trade policy headwinds. For our Sports customers – which now range from established market leaders to newer challengers – some are approaching the coming months with a measure of caution amid persistent inflationary and cost-of-living pressures. At the same time, our expanding portfolio of high-end Fashion and Luxury customers continue to face a tepid and uneven global market.

Yet, despite these macro conditions, our full-year forward order visibility remains solid. We are continuing to win new fast-growing Sports and Fashion customers drawn to our diversified production base and value-add attributes. This protected our top-line momentum in the first half of 2026, even as our current capacity expansion investments weighed on our profitability.

Elsewhere, we are seeing similar dynamics in our handbag and accessories manufacturing business, which we are developing as a future growth driver. 2026 is also a pivotal investment year for this business, as we expand its customer base, sharpen its capabilities and develop new styles to move up the value curve. In doing so, we aim to cultivate the same reputation for quality and innovation that defines Stella in footwear.

We are also continuing to gain recognition for our progress in strengthening sustainability. In early 2026, our MSCI ESG rating was upgraded from 'AA' to 'AAA' by MSCI ESG Research – our third consecutive annual upgrade.

Despite our current level of investment, we continue to prioritise delivering value to shareholders. I am pleased to announce that the Board has declared an interim dividend of HK42 cents per ordinary share, in line with our long-standing 70% dividend payout policy.

We also remain committed to returning additional cash up to US$60 million to shareholders in 2026 through a combination of share repurchases and special dividends, as per our announcement of interim results for the six months ended 30 June 2024 ("Excess Cash Return Program").

On behalf of the Board, I would like to extend my heartfelt thanks to our customers, partners and team, who remain the foundation of our continued success.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the "Board") of Stella International Holdings Limited ("Stella" or the "Company") is pleased to present the interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026.

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 Group as we aim to become a total solutions provider for our premium customers.

Three-Year Plan (2026-2028)

Our current Three-Year Plan (2026-2028) marks the next phase of our long-term growth and margin-expansion strategy. The 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.

Targets for Three-Year Plan (2026-2028)

Profit After Tax CAGR[1]:	***High-single-digit %***

BUSINESS REVIEW

In the six months ended 30 June 2026, our performance was in line with our expectations, despite heightened geopolitical and economic uncertainties.

We continued to see solid demand for our products, with our diversified manufacturing base remaining a core differentiator, supporting both customer retention and new customer acquisition. Consequently, our non-customer-exclusive manufacturing facilities operated at close to full utilisation. This performance was largely underpinned by strong demand from several Sports customers, alongside front-loaded seasonal volume within the Casual segment. However, our dedicated factories in the PRC for our largest Sports customer experienced operating deleverage as its product mix shifted from export-oriented footwear styles to styles targeted at the domestic PRC market, weighing on our profitability.

2026 is an important investment year for the Group, with the commissioning and ramp-up of our three new factories in Bangladesh, Indonesia and Vietnam progressing on schedule.

The key financial performance indicators of the Company include revenue, gross profit and operating profit. An analysis of these indicators during the six months ended 30 June 2026 is as follows:

Revenue

Our consolidated revenue for the period under review increased by 1.5% to US$786.7 million (first half of 2025: US$775.1 million). Shipment volumes were flat at 27.5 million pairs (first half of 2025: 27.5 million pairs). The average selling price ("ASP") of our footwear products increased by 1.8% to US$27.9 per pair (first half of 2025: US$27.4 per pair), mainly driven by a higher-ASP product mix within our Sports segment.

1 *CAGR: Compound Annual Growth Rate*

In terms of product category, sales in our Sports category increased by 2.6%, accounting for 48.9% of total manufacturing revenue (first half of 2025: 48.5%). Within this segment, reduced shipments to our largest Sports customers were more than offset by volume expansion across our broader Sports customer base, particularly from newly onboarded customers. Revenue attributed to our combined Luxury and Fashion category (made up by Luxury and Fashion brands with products of a similar level of ASP) decreased by 4.8% and accounted for 31.1% of total manufacturing revenue (first half of 2025: 33.2%), with both our Luxury and Fashion customers requesting simpler, lower-ASP styles. Revenue attributed to our Casual category increased by 11.3%, accounting for 20.0% (first half of 2025: 18.3%) of total manufacturing revenue. This growth was primarily driven by a major Casual customer's supplier consolidation, and the front-loading of seasonal production for a certain Casual customer into the period under review prior to the phased shutdown of our footwear factory in the Philippines from July 2026 (see "Outlook" below).

Geographically, North America and Europe are our two largest markets, accounting for 46.2% and 26.9% of the total revenue of the Group during the period under review. Following these, the PRC (including Hong Kong), Asia (other than the PRC) and other geographic regions contributed 14.6%, 9.3% and 3.0% of the Group's total revenue respectively.

Revenue attributed to our handbag and accessories business was US$19.1 million for the period under review (first half of 2025: US$14.1 million) following the integration of the high-end Vietnam facility, acquired in July 2025, into our existing footprint of two manufacturing facilities in Vietnam and the Philippines.

Gross profit

Our gross profit for the period under review decreased by 8.8% to US$159.8 million, compared to US$175.2 million in the same period of last year. Our gross profit margin for the period under review was 20.3% (first half of 2025: 22.6%). The reduction in gross profit and gross profit margin was attributed to:

(a) increased raw material costs;

(b) operating deleverage at our dedicated factories serving our largest Sports customer in the PRC, resulting from a product mix shift from export-orientated footwear styles to lower-ASP styles targeted at the domestic PRC market; and

(c) increased labour costs and training costs incurred for readying new workers ahead of commencing production at our new factories.

Operating profit

Our reported operating profit[2] for the period under review decreased by 12.3% to US$74.3 million, compared to US$84.7 million in the same period of last year. Our operating profit margin (before changes in fair value of financial instruments) for the period under review was 9.4% (first half of 2025: 10.9%). The reduction in operating profit and operating profit margin was attributed to:

(a) the decrease in gross profit during the period under review;

(b) higher research and development-related costs associated with the build-out of our new product development capabilities in Vietnam;

(c) increased management overheads, support and infrastructure costs associated with the commissioning of our three new factories in Bangladesh, Indonesia and Vietnam;

(d) severance payments and other costs associated with our decision to commence the phased shutdown of our footwear manufacturing facility in the Philippines starting from July 2026 (see 'Outlook' below); and

(e) investments aimed at strengthening operational performance within our handbag and accessories manufacturing business, alongside higher costs associated with onboarding new customers and expanding the range of styles for both existing and new customers;

as partially offset by

(f) one-off compensation resulting from the sale of land that was previously occupied by two of our closed factories amounting to approximately US$8.9 million.

Net results

We recorded a net profit of US$63.6 million during the period under review, compared to US$78.1 million in the same period of last year, including a marked-to-market net fair value loss of US$0.6 million on financial instruments related to our investment in Lanvin Group Holdings Limited ("Lanvin Group") listed on the New York Stock Exchange (first half of 2025: marked-to-market net fair value gain of US$0.2 million).

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

Therefore, the Group recorded an adjusted net profit[3] of US$64.2 million (first half of 2025: US$77.9 million) and an adjusted net profit[3] margin of 8.2% (first half of 2025: 10.1%).

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

(a) the decrease in gross profit and operating profit during the period under review;

(b) lower interest income resulting from:

    i. lower interest rates; and

    ii. a reduction in our net cash position due to higher capital expenditures related to the commissioning and ramp-up of our three new factories.

Healthy net cash position

We maintained our strong focus on managing our working capital usage and cash flow. As of 30 June 2026, our net cash position was US$191.7 million, compared to a net cash position of US$291.3 million as at 30 June 2025, following the final dividend payment for the 2025 financial year and the return of additional cash of approximately US$60 million in May 2026 under our excess cash return program (by way of payment of special dividend). Therefore, the Group's net gearing ratio[4] was -17.6% as at 30 June 2026, compared to -26.6% as at 30 June 2025.

RECOGNITIONS AND AWARDS

Our sustainability efforts continue to be recognised by distinguished external parties. In early 2026, our MSCI ESG rating was upgraded from 'AA' to 'AAA' by MSCI ESG Research – our third consecutive annual upgrade.

OUTLOOK

Looking ahead, we expect shipment volumes in the 2026 full year to remain broadly flat against the backdrop of heightened geopolitical and economic uncertainties. Forward order visibility remains solid, with our non-customer-exclusive facilities expected to continue operating at close to full utilisation in the second half of 2026. Meanwhile, operating deleverage is expected to persist at our dedicated factories serving our largest Sports customer in the PRC.

2026 is an important investment year under our Three-Year Plan (2026-2028), for both our footwear manufacturing business and our handbag and accessories manufacturing business.

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

4 *Net gearing ratio = net debt/shareholder equity*

For our footwear manufacturing business, we are confident in our ability to minimise risks associated with the commissioning and orderly ramp-up of our three new factories in Bangladesh, Indonesia and Vietnam. To minimise these ramp-up risks, we brought forward the onboarding of management teams for each of these facilities into the period under review. The factories are expected to come progressively online in the second half of 2026, subject to customer certification and regulatory approvals. We also remain focused on improving capacity utilisation in Solo, Indonesia over the longer term through strengthened management, enhanced operational training and increased automation. Together, these four factories are expected to add approximately 20 million pairs of production capacity over the coming years, although the contribution from the three new factories in 2026 will be modest.

We also continue to invest in our research and development capabilities in Vietnam, including building a new product development hub for all our footwear customers, as well as a dedicated product development centre for a new Sports customer.

We are also taking steps to rationalise out footwear manufacturing footprint to focus our management teams on regions offering stronger long-term returns. In July 2026, after assessing its limited expansion prospects, we commenced a phased shutdown of our smaller-capacity manufacturing operations in the Philippines. Related provisions for severance payments and other associated costs amounting to US$2.5 million have been recognised in our interim results for the six months ended 30 June 2026.

For our handbag and accessories manufacturing business, with the integration of our manufacturing base now going on following our acquisition of a high-end Vietnam facility in 2025, we are also investing to support an expanding customer base and accelerating the development of new product styles to advance our position along the value curve. To further support this progression, we are also building a new R&D centre for handbag business in Vietnam to expand our design and commercialisation capabilities, reinforce our competitive differentiation, and build a stronger platform for long-term growth. Given these development and capability-building activities, we expect this business to remain loss-making in 2026.

We remain 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 in 2024 and 2025, on top of paying regular dividends with a payout ratio of approximately 70% (comprising final dividends and interim dividends) under our Excess Cash Return Program. Both this planned return of cash and near-term capital expenditure needs 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.

The Board has resolved to declare an interim dividend of HK42 cents per ordinary share for the six months ended 30 June 2026, maintaining the Company's normal payout ratio of approximately 70% set against its adjusted net profit[3] of US$64.2 million.

The Group remains committed to returning additional cash up to US$60 million per year to shareholders in 2026 under our Excess Cash Return Program, 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 30 June 2026, the Group had cash and cash equivalents of approximately US$210.2 million (31 December 2025: US$373.3 million; 30 June 2025: US$350.8 million), following the return of additional cash of US$60 million in May 2026 (by way of payment of special dividend) under our excess cash return program.

In the six months ended 30 June 2026, net cash flows used in operations were US$48.4 million, compared to net cash inflows from operations of US$3.9 million for the corresponding period of 2025.

Net cash outflows used in investing activities were US$38.3 million during the period under review (for the six months ended 30 June 2025: US$25.3 million), representing an increase of 51.4%. Capital expenditure amounted to approximately US$63.6 million during the period under review, including US$35.4 million related to the commissioning of our three new factories (for the six months ended 30 June 2025: US$32.6 million).

As at 30 June 2026, the Group had current assets of approximately US$788.0 million (31 December 2025: US$860.7 million) and current liabilities of approximately US$273.7 million (31 December 2025: US$299.0 million). The current ratio (which is calculated on the basis of current assets over current liabilities) was 2.9 as at 30 June 2026 (31 December 2025: 2.9), an indication of the Group's high liquidity and healthy financial position.

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

BANK BORROWINGS

The Group had bank borrowings of US$18.5 million as at 30 June 2026 (31 December 2025: US$5.8 million), which are principally denominated in New Taiwan dollars, Hong Kong dollars and U.S. dollars, with an effective interest rate of 1.55% – 5.0%.

The Group maintained a net cash position of US$191.7 million as at 30 June 2026 (31 December 2025: US$367.4 million). Therefore, the Group's net gearing ratio[4] was -17.6% as at 30 June 2026, as compared to -26.6% as at 30 June 2025.

FOREIGN CURRENCY EXPOSURE

During the period 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 U.S. dollars, the functional currency of the Group.

PLEDGE OF ASSETS

As at 30 June 2026, the Group had pledged US$11.0 million of its assets (31 December 2025: US$11.1 million).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no contingent liabilities (31 December 2025: Nil).

PILLAR TWO INCOME TAXES

The Group is subject to the OECD's Global Pillar Two framework, which introduces a global minimum effective tax rate for multinational enterprises. As jurisdictions in which the Group operates implement the new rules, the Group expects that the application of Pillar Two may affect its overall tax profile and could result in a higher effective tax rate in certain periods. The Group continues to monitor legislative developments and assess their impact across relevant jurisdictions. Given the evolving nature of the regime and the potential for future adjustments, management believes that period-to-period comparison of tax charges arising from the implementation of Pillar Two may not necessarily be indicative of the long-term tax impact on the Group.

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[4] *Net gearing ratio = net debt/shareholder equity*

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2026, the Group made no material acquisitions or disposals of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENT

As at 30 June 2026, 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 and usual course of 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 30 June 2026, the Group had approximately 44,700 direct employees (31 December 2025: approximately 45,400) and an overall workforce of approximately 65,300 (31 December 2025: 65,400). 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.

EVENTS AFTER THE REPORTING PERIOD

There are no events causing material impact on the Group from the end of the reporting period to the date of this announcement.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") has reviewed the unaudited interim results of the Group, including the accounting treatment adopted by the Company, for the six months ended 30 June 2026, with no disagreement. The Audit Committee has also discussed with the Company's management regarding risk management, internal control and other related matters.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK42 cents per ordinary share for the six months ended 30 June 2026. The interim dividend will be paid to shareholders listed on the register of members of the Company at the close of business on Tuesday, 8 September 2026. It is expected that the interim dividend will be paid on Friday, 18 September 2026. The register of members of the Company will be closed from Friday, 4 September 2026 to Tuesday, 8 September 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30 June 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 Thursday, 3 September 2026.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Board and management of the Group are committed to achieving high standards of corporate governance through increasing transparency, accountability and better risk assessment and mitigation. We believe that high standard of corporate governance practices will translate into long-term returns to the shareholders of the Company (the "Shareholders"). The Company has applied the principles and complied with all code provisions in Part 2 of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2026. Further information on the Company's corporate governance practices is set out in the corporate governance report in the Company's 2025 annual report, which is available on the Company's website.

Governance Model

The Company advocates a governance model which combines both corporate governance and business governance in order to build long-term interests for the Group. Corporate governance emphasises conformance to relevant laws and regulations while business governance focuses on business performance. We believe the combination of both will enhance accountability and assurance to the Shareholders which are the key drivers for value creation for the Group.

Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. The Company has made specific enquiry with all its Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2026.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.stella.com.hk). The interim report of the Group for the six months ended 30 June 2026 containing the required information under the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 20 August 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, Sindy and Ms. Ma Hui-Fan, Connie.