

[For immediate release]



Stella's Retail Business Powers Ahead While Export Recovery Restores Growth to Manufacturing Operations

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Shipment volumes rise 23.7%; retail revenue leaps 51.1%

Hong Kong, April 26, 2010 – Stella International Holdings Limited (“Stella”, or together with its subsidiaries, the “Group”; SEHK: 1836), a leading designer and manufacturer of quality footwear products, today announced its unaudited first quarter business update for the three months ended 31 March 2010.

Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	2010	2009
Revenue (US\$ million)		
- Manufacturing	212.0	191.6
- Retail business in China	13.3	8.8
Average selling price per pair (US\$) (manufacturing)	18.5	20.7
Total shipment during the period (mil pairs)	11.5	9.3
No. of retail stores in China (As at 31 March)		
- <i>Stella Luna</i>	123	101
- <i>What for</i>	104	68

The Group recorded an unaudited consolidated revenue (including the Group's manufacturing business, China retail business, inter-segment sales eliminations and other businesses) of approximately US\$224.7 million for the three months ended 31 March 2010. This represented a 12.2% increase as compared to the unaudited consolidated revenue for the corresponding period last year. This growth in revenue was mostly attributed to the strong expansion of its retail business and the steady recovery of export markets for its manufactured products.

As a result of these improved export conditions, the Group's volumes rose 23.7% from 9.3 million pairs in the first quarter of 2009 to 11.5 million pairs in the first quarter of 2010. This also restored earnings growth to the Group's manufacturing business, with revenue up

10.6%, compared to the first quarter of 2009. The average selling price (“ASP”) for the Group’s footwear products fell 10.6% to US\$18.5 per pair in the three months ended 31 March 2010, compared to US\$20.7 in the same period last year. This decline was due to a reduction in raw material costs.

The Group remains confident of a sustained recovery of its export markets and has continued to implement prudent measures to sustain growth momentum and reinforce its competitiveness. As a sign of this confidence, the Group plans to further expand its production capacity by opening new manufacturing facilities in inland areas of China, allowing Stella to lower its input costs and secure a stable labour supply. By carefully implementing this development strategy, the Group will continue to move up the value chain, improve the craftsmanship of its products and better service the increasingly specialised needs of its brand customers.

The Group’s increasingly internationalised retail business in China and other markets continued to be the major growth driver, allowing Stella to steadily diversify its overall revenue mix. As of 31 March 2010, the Group operated 123 *Stella Luna* stores and 104 *What For* stores, a 34.3% increase compared to the same period last year.

For the three months ended 31 March 2010, sales from the Group’s retail business (in China only) reached US\$13.3 million, an impressive jump of 51.1% compared to the same period last year. Same-store sales grew a moderate 14.0%, reaching US\$6.5 million, for the three-month period under review.

The Group will continue to maintain its store expansion strategy and target high growth in retail revenue through same-store sales and space expansions. It will also continue to explore opportunities to develop new brands in order to target different market segments and widen its customer base.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group’s strategy, “As our global shipment volumes steadily recover, we are mindful of the need to expand our manufacturing abilities to ensure cost-efficiency and profitability for our shareholders. Our expanding retail operations will also continue to enhance the scope of our business by tapping the strong demand for affordable luxury in China.”

Commenting on the outlook for the Group’s businesses, Mr. Jack Chiang, Chairman of the Group, said, “While low visibility in the current economic environment is likely to continue, we remain confident in the outlook for the sector and plan to further increase and diversify our production capacity this year. By maintaining our core competencies and expanding the deep relationships we have with our customers, we look forward to further expanding our business in 2010.”

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For further information, please contact:

College Hill

Helen Yeung

Tel: +852 3791 2286

Email: helen.yeung@collegehill.com.hk

Matthew John Schultz

Tel: +852 3791 2032

Email: matthew.johnschultz@collegehill.com.hk