

[For immediate release]



Stella Reported Continued Growth in 2011

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Revenue up 21.5%; Value-adding products insulates Group from inflation pressures

Hong Kong, April 11, 2011 – Stella International Holdings Limited (“Stella”, or together with its subsidiaries, the “Group”; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear products, today announced its first quarter business update for the three months ended 31 March 2011.

Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	<u>2011</u>	<u>2010</u>
Revenue (US\$ million)		
- Manufacturing	266.9	212.0
- Retail business in China	17.2	13.0
Average selling price per pair (US\$) (manufacturing)	21.6	18.5
Total shipment during the period (mil pairs)	12.4	11.5
No. of retail stores in China (As at 31 March)		
- <i>Stella Luna</i>	149	123
- <i>What for</i>	145	104

The Group recorded an unaudited consolidated revenue (including the Group’s manufacturing business, China retail business, inter-segment sales eliminations and other businesses not covered hereof) of approximately US\$272.9 million for the three months ended 31 March 2011. This represented a 21.5% increase as compared to the unaudited consolidated revenue of US\$224.7 million for the corresponding period of last year.

This growth in revenue is mostly attributed to ongoing growth in the Group’s manufacturing business and the impressive performance of its retail business, compared to the first quarter of 2010. Both of these results are a testament to Stella’s unique position in the value chain and its ability to capitalise resurgent consumer demand following the economic crisis.

With export conditions remaining steady throughout the first quarter, the Group has shipped 12.4 million pairs of shoes as of 31 March 2011, up 7.8% year-on-year. As a result, revenue

attributable to the Group's manufacturing business rose 25.9% compared to the first quarter of 2010. This increase in revenue is a reflection of Stella's longstanding reputation for producing quality footwear products, which also enabled the Group to increase the average selling price ("ASP") of its footwear products during the first quarter of 2011. The higher ASP also allowed the Group to partially offset rising input costs. ASP in the three months ended 31 March was US\$21.6, an increase of 16.8% compared to the corresponding period of last year.

Looking further into 2011, the Group expects its order book to remain at close to full capacity. In light of recent events, the Group will also prudently monitor the impact recent natural disasters in Japan and conflicts in the Middle East may have on global export demand. However, given the high-end positioning of Stella's products, the Group is confident that its operations will be mostly unaffected.

The Group will also continue to steadily expand its production capacity into the inland areas of China to secure a stable and quality workforce and contain costs. The Group will also continue to implement its plans to expand its Vietnam manufacturing facilities, while expanding its foothold in Indonesia.

Stella's retail business continued to perform very strongly during the three months ended 31 March 2011 with sales (in China only) increasing 32.3% compared to the same period of last year, to US\$17.2 million. Same store sales grew 21.0%, reaching US\$9.8 million, for the first three months of 2011. As of 31 March 2011, the Group operated 149 *Stella Luna* stores and 145 *What For* stores, an increase of 29.5% compared to the first three months of 2010.

Stella is constantly adjusting its product lines to meet the needs of China's growing base of affluent consumers. Looking forward, the Group will continue to pursue more growth through store expansions, increased same-store sales and space expansions. Stella will also actively consider opportunities to further improve the Group's overall revenue mix by introducing new brand names into its retail business.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "Despite industry-wide challenges such as labour shortages and inflation, Stella has continued to reinforce its strong design and development capability to constantly deliver high quality footwear. Through innovation, responsiveness and a commitment to meet the specific needs of our clients, we will continue to occupy a unique position in the value chain. These attributes will continue to support our bottom line."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "We remain confident that the capacity expansion and cost-efficiency measures we have put in place will continue to counter for ongoing challenges to our business. As we move further into the year, we will continue to deepen our partnerships with our customers while maintaining our key business strengths."

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For further information, please contact:

College Hill

Matthew Schultz

Tel: +852 3791 2032

Email: matthew.schultz@collegehill.com.hk

Ellena Cheung

Tel: +852 3791 2930

Email: ellena.cheung@collegehill.com.hk