

[For immediate release]



Stella Achieves Strong Performance in 2007 Third Quarterly Results

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Net Profit Surged by 38.6%

Hong Kong, 30 November, 2007 – **Stella International Holdings Limited** (“Stella” or the “Group”; SEHK: 1836), a leading developer and manufacturer of quality footwear products, today announced its third quarterly results for the three months and nine months ended 30 September 2007.

Financial & Operational Highlights:

	For the nine months ended 30 September		For the three months ended 30 September	
	2007	2006	2007	2006
(US\$'000)				
Turnover	702,428	599,592	285,103	247,371
Gross profit	164,949	130,768	68,420	50,978
Profit before taxation	95,411	73,532	43,198	30,810
Profit attributable to equity holders of the Company	91,155	71,779	40,962	30,307
Basic earnings per share (US cents)	13.9	12.3	5.2	5.2
Interim dividend per share (HK cents)	30	nil	nil	nil
GP margin (%)	23.5%	21.8%	24.0%	20.6%
NP margin (%)	13.4%	12.0%	14.4%	12.3%
Average selling price per pair (manufacturing) (US\$)	19.6	18.1	21.5	19.7
Total shipment during the period (mil pairs)	35.4	32.4	13.2	12.4

Results Summary

The Group achieved a turnover of US\$285.1 million for the three months ended 30 September 2007, representing a strong year-on-year growth of 15.3% compared to the same period in 2006. With an increase of 34.2%, gross profit in the reporting period amounted to US\$68.4 million. Net profit of the Group surged by 35.1% on a year-on-year basis, reached US\$40.9 million during the period. Excluding the US\$1 million non-recurring listing related expenses, net profit of the Group amounted to US\$42.0 million, representing a year-on-year increase of 38.6%.

For the first three quarters in 2007, the Group recorded a turnover of approximately US\$702.4 million, signifying a strong year-on-year growth of 17.2% as compared to the same period in 2006. Gross profit and net profit for the nine months ended 30 September 2007 reached approximately US\$164.9 million and US\$91.1 million respectively, representing a 26.1% and 26.9% of growth as compared to the last corresponding period. It is worth highlighting that the net profit during the nine-month period in 2007 has reached the net profit for the full year in 2006. Excluding the US\$4.1 million non-recurring listing related expenses and US\$0.9 million listing related interest income, net profit of the Group surged by 31.5% in the first three quarters in 2007.

Chairman of the Group Mr. Chen Jiann-Min, Jimmy said, "We are pleased to report the third quarterly results with such a robust growth. Our manufacturing business continued to be the major revenue contributor of the Group, while our retail business has started to contribute earnings. The satisfactory growth was mainly attributable to our continued efforts towards stringent cost control, raising average selling price as well as the introduction of the high-margin retail business in China. The successful implementation of the Group's supply chain strategy and our business strategy in targeting women's fashion segment also played a critical role in enhancing our profit margin."

Manufacturing Business

During the nine months ended 30 September 2007, the Group's manufacturing facilities in Guangdong, China and Vietnam continued to operate at full capacity. The total footwear production volume increased steadily, which was attributed to the organic sales growth as a result of the Group's broad customer base and the established long-term relationships with the leading casual and fashion footwear brand companies worldwide. Women's fashion and men's casual footwear continued to be the major revenue contributors of the Group, generating 33.0% and 31.8% respectively of the Group's total revenue. The Group has also recorded a steady growth of average selling price primarily due to its value added services to manufacture high-quality footwear in small and customized orders to meet the needs of our brand customers.

Retail Business

Sales of the Group's retail business has reached approximately US\$6.4 million for the nine months ended 30 September 2007, representing a growth of more than five times as compared to the last corresponding period. The significant growth was driven by both volume surge and the increasing average selling price. The Group also reported a significant same-stores-sales growth of 58.7%, and recorded the average monthly sales per store of US\$29,000 during the three months ended 30 September 2007.

In addition, another brand of the Group, namely What For, which targets the contemporary and lifestyle market segment was well received by the customers following its launch in Shanghai in July 2007.

During the three months ended 30 September 2007, the Group opened a total of 27 new retail stores of Stella Luna and What For in the PRC. As at 30 September 2007, the Group owned and operated a total of 71 retail stores, of which 66 were located in the PRC and 5 in Thailand.

Future Plans & Prospects

With a view to facilitating supply chain integration, the Group has set up a cooperative joint venture in Hebei, the PRC with an independent third party in October 2007. The joint venture engaged in footwear manufacturing hosted at the business partner's tannery factory. It is expected the production would commence operation by early 2008 and shall have the capacity to manufacture 1.6 million pairs and 3.8 million pairs of shoes in 2008 and 2009 respectively.

In the retail segment, the Group will continue its strategic expansion plan in prime locations to enhance market penetration and brand awareness of our own retail chains, Stella Luna and What For.

Mr. Chiang Jeh-Chung, Jack, CEO of the Group said, "The Group has exceeded its original roll-out plan of opening 68 retail points by the end of the year to reach an aggregate of 74 shops as of today. We are committed to maintaining the growing momentum and have set the target to open up more outlets in Hong Kong, Macau and major cities in China, to more than 80 by the end of 2007."

Mr. Chen Jiann-Min, Jimmy, Chairman of the Group said, "The market outlook for both local and global footwear sector remains very optimistic. Attributed to the growth of disposable income in China, an expanding middle class is emerging. We believe that this would contribute to the growth of affordable luxury market in China in which our retail chains are positioned, and hence create vast opportunities for the Group to facilitate the retail penetration in such a lucrative market. "

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For further information, please contact Hill and Knowlton Asia Ltd.:

Anna Chan Tel: (852) 2894 6262 / 9129 8690; anna.chan@hillandknowlton.com.hk

Gary Li Tel: (852) 2894 6239 / 9652 9002; gary.li@hillandknowlton.com.hk

Condensed Consolidated Income Statement

(For the three-month and nine-month period ended 30 September 2007)

	For the nine-month period		For the three-month period	
	ended 30 September		ended 30 September	
	2007	2006	2007	2006
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	<u>702,428</u>	<u>599,592</u>	<u>285,103</u>	<u>247,371</u>
Cost of sales	<u>(537,479)</u>	<u>(468,824)</u>	<u>(216,683)</u>	<u>(196,393)</u>
Gross profit	164,949	130,768	68,420	50,978
Other income	11,259	6,495	6,942	927
Selling and distribution costs	(26,498)	(22,737)	(10,397)	(9,623)
Administrative expenses	(30,290)	(22,381)	(12,653)	(6,309)
Research and development costs	(23,611)	(18,568)	(8,796)	(5,122)
Finance costs	(398)	(45)	(318)	(41)
Profit before tax	95,411	73,532	43,198	30,810
Taxation	(4,316)	(1,753)	(2,258)	(503)
Profit for the period	<u>91,095</u>	<u>71,779</u>	<u>40,940</u>	<u>30,307</u>
Attributable to:				
Equity holder of the Company	91,155	71,779	40,962	30,307
Minority interests	(60)	—	(22)	—
	<u>91,095</u>	<u>71,779</u>	<u>40,940</u>	<u>30,307</u>
Earnings per share – basic (US cents)	<u>13.9</u>	<u>12.3</u>	<u>5.2</u>	<u>5.2</u>