

[For immediate release]



## Stella Capitalises on Growth of China's Retail Market

### 2009 Third Quarter Business Update

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Q3 Retail revenue in China grew by 80.6% y-o-y

*Hong Kong, October 15, 2009* – Stella International Holdings Limited (“Stella” or the “Group”; SEHK: 1836), a leading developer and manufacturer of quality footwear products, today announced its unaudited third quarter business update for the nine months ended 30 September 2009.

#### **Financial & Operational Highlights:**

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	<b>2009</b>	2008	<b>2009</b>	2008
Revenue (US\$ million)				
- Manufacturing	<b>293.8</b>	328.3	<b>732.7</b>	808.1
- Retail business in China	<b>12.1</b>	6.7	<b>30.7</b>	18.1
Average selling price per pair (manufacturing) (US\$)	<b>25.0</b>	25.1	<b>23.5</b>	22.4
Total shipment during the period (mil pairs)	<b>11.8</b>	13.2	<b>31.2</b>	36.1
No. of retail stores in China	<b>205</b>	151	<b>205</b>	151

The Group recorded an unaudited consolidated revenue of approximately US\$303.6 million and US\$762.8 million for the three months and nine months ended 30 September 2009 respectively. This represents a decline of approximately 8.5% and 7.6% as compared to the unaudited consolidated revenue for the respective corresponding periods of last year. This decrease in revenue mainly resulted from a drop in shipment volume due to persistently slow market conditions in the U.S. and Europe in the second half of the year.

The Group's average selling price (“ASP”) for its footwear products was US\$25.0 per pair for the three months ended 30 September 2009, compared to US\$25.1 per pair for the same period last year. The Group recorded a 10.6% drop in shoe sales from 13.2 million pairs in the third quarter of 2008 to 11.8 million pairs.

For the first three quarters of 2009, the Group achieved an improved ASP of US\$23.5 per pair, compared to US\$22.4 per pair for the same period last year, representing an increase of 4.9%. This improved result reflects the Group's success in offering value-added services and its continuous improvement of its product mix. Total footwear shipments were 31.2 million pairs for the nine-month period, a 13.6% decrease from the 36.1 million pairs shipped in the corresponding period of 2008.

The Group continued to achieve robust retail growth by implementing a store expansion plan in major cities in China to fulfill growing demand for high-end women fashion footwear. The Group operates a total of 205 retail stores in China as at 30 September 2009, a 35.8% increase as compared to the same period last year.

For the three months ended 30 September 2009, sales from the Group's retail business in China amounted to US\$12.1 million, signifying an impressive leap of 80.6% as compared to the same period last year. Same-store sales in China grew a significant 26.1%, reaching US\$5.8 million, for the three-month period under review.

For the first nine months of 2009, the Group's retail revenue grew 69.6% to US\$30.7 million from US\$18.1 million in the comparable period of 2008, while same-stores sales recorded a steady growth of 28.1% to US\$18.7 million from US\$14.6 million in the same period last year.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's businesses, "Weak market demand in the U.S. and Europe contrasts sharply with the growing demand for quality fashion footwear in China. To capitalise on this, we continued to focus on the strategic expansion of our retail operation in China. Thanks to the efforts of our team, we have achieved a remarkable increase in sales growth in China over the past nine months."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "Leveraging on our unique capability in delivering value-added services with innovative designs and sophisticated craftsmanship, we will continue to offer maximum product and cost flexibility to our international brands customers in order to increase our market share and enhance customer loyalty. We will adhere to our philosophy of growing through our customers' success."

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*For further information, please contact:*

**College Hill**

Helen Yeung

Matthew John Schultz

Tel: +852 3791 2286

Tel: +852 3791 2032

Email: [helen.yeung@collegehill.com.hk](mailto:helen.yeung@collegehill.com.hk)

Email: [matthew.johnschultz@collegehill.com.hk](mailto:matthew.johnschultz@collegehill.com.hk)