

[For immediate release]



Stella Riding the Wave of Chinese Consumer Growth

2009 Fourth Quarter Business Update

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Q4 Retail revenue in China grew by 81% y-o-y

Hong Kong, January 18, 2010 – Stella International Holdings Limited (“Stella” or the “Group”; SEHK: 1836), a leading developer and manufacturer of quality footwear products, today announced its unaudited fourth quarter business update for the year ended 31 December 2009.

Financial & Operational Highlights:

	For the three months ended 31 December (Unaudited)		For the year ended 31 December (Unaudited)	
	2009	2008	2009	2008
Revenue (US\$ million)				
- Manufacturing	230.5	266.7	963.2	1,074.8
- Retail business in China	15.2	8.4	42.3	24.6
Average selling price per pair (manufacturing) (US\$)	20.1	21.7	22.6	22.2
Total shipment during the period (mil pairs)	11.5	12.3	42.7	48.4
No. of retail stores in China (As at 31 December)			221	156

The Group recorded an unaudited consolidated revenue of approximately US\$245.7 million and US\$1,008.5 million for the three months and year ended 31 December 2009 respectively. This represents a decline of approximately 11.2% and 8.5% as compared to the unaudited consolidated revenue for the corresponding periods of last year. This fall in revenue was mostly attributed to the continued fall of shipment volumes to the United States and Europe where retail and economic conditions have remained soft.

The Group’s average selling price (“ASP”) for its footwear products in 2009 increased to US\$22.6 per pair, compared to US\$22.2 per pair for the previous year, an increase of 1.8%. This improvement is attributed to the Group’s success in offering value-added services to its customers and the continuous improvement of its product mix. The mild growth was partially offset by a decrease in selling price triggered by input raw material cost reduction.

ASP for the three months ended 31 December 2009 was US\$20.1, compared to US\$21.7 per pair for the same period last year. The Group recorded a 6.5% drop in shoe sales from 12.3 million pairs in the fourth quarter of 2008 to 11.5 million pairs in 2009. Total footwear shipments were 42.7 million pairs for the year, a 11.8% decrease from the 48.4 million pairs shipped in the corresponding period of 2008.

The Group continued to capitalize on the strong growth of Chinese retail sector by further implementing its store expansion plan to fulfill growing demand for high-end women fashion footwear. The Group operates a total of 221 retail stores in Greater China, a 42% increase in the total number of retail stores as compared to the same period last year.

For the three months ended 31 December 2009, sales from the Group's retail business in China amounted to US\$15.2 million, signifying an impressive leap of 81% as compared to the same period last year. Same-store sales grew a significant 38.3%, reaching US\$11.2 million, for the three-month period under review.

For the year of 2009, the Group's retail revenue grew 72.0% to US\$42.3 million from US\$24.6 million in the comparable period of 2008, while same-stores sales recorded a steady growth of 23.3% to US\$23.3 million from US\$18.9 million in the same period last year.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's businesses, "As demand from our traditional Western customers remained weak throughout 2009, Stella has rapidly expanded its retail operations to ride the strong performance of the Chinese retail sector. In the coming year, we anticipate the demand for quality fashion amongst the Chinese public to continue to increase, especially given the priority the Central Government has placed on shifting the economy further towards consumer spending."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "We will continue to offer maximum value, flexibility and quality to our international customers to maintain and increase market share and maintain customer loyalty. We are incredibly passionate about our products and remain committed to growing with our partners in 2010."

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