

[For immediate release]



Stella Continues to Grow in Third Quarter

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Maintained full order book; ASP is steadily increasing

Hong Kong, October 14, 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 third quarter business update for the three and nine months ended 30 September 2010.

Financial & Operational Highlights:

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	2010	2009	2010	2009
Revenue (US\$ million)				
- Manufacturing	419.2	293.8	935.8	732.7
- Retail business in China	13.2	12.1	39.5	30.7
Average selling price per pair (manufacturing) (US\$)	26.5	25.0	23.3	23.5
Total shipment during the period (mil pairs)	15.8	11.8	40.1	31.2
No. of retail stores in China (As at 30 September)			273	205

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\$426.3 million and US\$970.8 million for the three and nine months respectively ended 30 September 2010. This represented an increase of approximately 41.5% and 27.7% as compared to the unaudited consolidated revenue for the corresponding periods of last year. The growth in revenue was mostly attributed to the steady recovery of the Group’s export markets and the robust expansion of its retail business.

The Group’s manufacturing business performed satisfactorily in the three months ended 30 September 2010. The downward trend in the average selling price (“ASP”) of Stella’s footwear products was reversed by the end of the first half this year, while growing at a steady rate of 6.0% during the three months ended 30 September 2010. The Group also continued to run a full order book over both periods.

Shipment volumes in the third quarter of 2010 rose 33.9% to 15.8 million, further reinforcing a 28.5% jump in shipment volumes for the nine months ended 30 September 2010. Revenue from the Group's manufacturing business in the three and nine months ended 30 September 2010 increased by 42.7% and 27.7% respectively.

Looking forward, the Group expects its ASP to steadily improve with existing margin pressures continue to ease as customers agree to price increases. Export volumes are also expected to grow at a satisfactory pace. The Group will also continue to implement its diversification strategy of expanding production capacity into inland areas of China and South-East Asia in order to secure a stable and quality manpower supply and to provide flexibility in input costs.

Throughout the first nine months of the year, the Group's retail businesses, *Stella Luna* and *What For* have continued to attract more attention from the media and consumers while rapidly establishing themselves in the Chinese affordable luxury market. Sales in the three and nine months ended 30 September 2010 reached US\$13.2 million and US\$39.5 million respectively, an increase of 9.1% and 28.7% compared to the corresponding periods of last year. Same-store sales grew 31.0% during the three-month period under review. The Group operated 140 *Stella Luna* stores and 133 *What For* stores in China as of 30 September 2010.

In order to steadily diversify its overall revenue mix, the Group will continue to maintain its store expansion strategy and target high growth in retail revenue through same-store sales and space expansion. It will also continue to explore opportunities to develop new brands that target different market segments, while prudently considering any opportunities to acquire selected footwear or accessories brands/channels to further expand its business.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance and strategy, "Our ability to maintain a full order book throughout the year is testament to Stella's unique design and R&D capabilities and its position at the premium end of the value chain. This has translated into a stronger ASP and enhanced profitability. Combined with our ongoing cost-control strategy and fast growing retail businesses, this result has ensured that we will continue to deliver long-term value to our shareholders."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "We are cautiously optimistic about the strength of the global economic recovery, especially in our primary export markets. China's continued economic development and strong consumer spending will also support the growth of our fledgling retail business and the continued diversification of our Group."

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