[For immediate release]

Stella's Retail Business Leads Confident Start to 2011

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Retail revenue +54.1%; Gross profit + 40.8%

Hong Kong, 18 August, 2011 – **Stella International Holdings Limited** ("Stella" or the "Group"; SEHK: 1836), a leading developer and manufacturer of quality footwear products, today announced its unaudited interim results for the six months ended 30 June 2011.

Financial & Operational Highlights:

	For the six months ended 30 June 2011		**Change (%)**
(US$'000)	**2011**	**2010**	
Turnover	672,099	544,461	23.4
Gross profit	164,618	116,898	40.8
Profit before taxation	68,526	47,532	44.2
Profit attributable to equity holders of the Company	64,906	46,083	40.8
Basic earnings per share (US$)	0.0820	0.0583	40.7
GP margin (%)	24.5	21.5	3.0 ppt
NP margin (%)	9.7	8.5	1.2 ppt
Average selling price ("ASP") per pair (US$)	24.8	21.3	16.7
Total shipment during the period (mn pairs)	26.0	24.3	7.0
No. of retail stores in China	316	251	65 stores

Results Summary

The Group experienced a strong start to 2011, overseeing a strong growth in profitability through the stabilisation of its workforce and by striking a balance between growing its capacity and maintaining the quality of its products.

In the six months ended 30 June 2011, the Group's consolidated revenue jumped 23.4% to US$672.1 million as the Group continued to attract greater recognition for the quality of its footwear products. Shipment volumes rose 7.0% to 26.0 million pairs as the Group gradually expanded its production capacity.

Total gross profit for the first six months of the year was US$164.6 million, a 40.8% increase on the corresponding period of last year. This growth was mostly attributable to a low base and the strong growth of the Group's retail business.

The average selling price ("ASP") for Stella's footwear products rose 16.7% to US$24.8 per pair, which was mostly attributable to rising input costs, growing recognition of the quality of the Group's footwear products, as well as improvements to product mix as Stella continues to move up the value chain.

The Board is pleased to announce an interim dividend of HK30 cents per share.

Mr. Lawrence Chen, Chief Executive Officer of the Group said, "Despite seeing sluggish growth in some of our export markets, more and more global brands are recognising the value-adding qualities of our offerings. This has helped protect us from downturns in the American and European economies as more high-end footwear companies outsource their production."

Manufacturing Business

The Group's retained a strong level of customer loyalty through its strong research and development capabilities and its ability to closely customise products to meet the unique needs of its clients. This also saw the Group attract more brand clients in the first half of the year, ensuring that its order book continued to run at close to full capacity.

The Group also started to apply its creative strengths to its own retail brands to further their appeal to China's increasingly sophisticated consumers. As part of this effort, the Group opened its first overseas design studio in Italy in 2011 where a team of designers are working on a new line of the Group's women's fashion business.

All segments of Stella's manufacturing business performed well during the period, with the Group's women's fashion footwear business remaining its largest business segment, contributing 33.5% of the Group's total revenue. Contributions from the men's and women's casual footwear business were 28.3% and 25.1% of overall revenue respectively, while the contribution from the men's fashion business contributed 5.2%.

Geographically, North America and Europe continued to be the Group's two largest markets, accounting for 48.3% and 30.5% of the Group's total revenue in the first half of the year respectively. This was followed by Asia (ex. Greater China) at 9.8%, Greater China at 9.4%, and other regions at 2.0%.

Implementation of Sound Cost Control Measures

With the Group's new manufacturing facilities in Guangxi and Hunan now operating at initial capacities, Stella is well advanced in implementing its strategy to achieve a stable workforce and limit wage inflation. This strategy will see Stella shift more operations away from coastal regions, while boosting annual capacity to 70 million pairs of shoes over the medium term. With a view to further expanding its low-cost manufacturing base, the Group is also actively considering small-scale acquisitions in Indonesia to cater for future demand.

Retail Business
The retail business' contribution to the Group's total revenue grew to 6.4% in the first half of the year, as Stella continued to increase its network of *Stella Luna* and *What For* stores. Revenue from the Group's retail business in China and other markets grew by an impressive 54.1% year-on-year to reach US$43.3 million in the first half of the year. Same store sales (for China stores only) grew by 37.1% to US$23.3 million in the first half of the year.

The Group opened 15 *Stella Luna* and 13 *What For* stores in the six months to 30 June 2011 and operated a total 186 and 163 *Stella Luna* and *What For* stores respectively as at the end of the reporting period. As part of its joint-venture with Deckers Outdoor Corporation, the Group operated 5 *UGG* in China throughout the period, with a target of opening 6 additional stores by the end of the year.

New Joint-Venture Further Expands Retail Offering
In May 2011, the Group entered into agreements to form two joint-ventures with Balmain Asia (a subsidiary of Balmain S.A. (Paris)), to sell *PIERRE BALMAIN* branded footwear in Hong Kong, China and other countries worldwide. The Group plans to open its first retail store in spring/summer 2012.

The addition of this prestigious brand to the Group's retail portfolio further enhances its ability to further tap China's vast and growing demand for high-end footwear products. The Group will continue to consider further opportunities to introduce more brands to its retail business.

Future Plans & Prospects
Demand for the Group's footwear products is expected to remain strong throughout the rest of the year, with its manufacturing operations continuing to operate at close to full capacity. ASP is also expected to increase in line with rising input costs, as more customers agree to price increases in recognition of the quality of Stella's products.

With wage and input inflation likely to remain a challenge throughout the rest of the year, the Group will continue to optimise its existing manufacturing operations in Dongguan and Vietnam, while shifting more upstream and time-consuming processes to its lower cost facilities in inland China. The Group will also continue to implement strict cost-control measures to preserve its margins and sustain growth.

China will remain the primary focus for the expansion of the Group's retail business in the second half of the year as demand for luxury goods among Chinese consumers continues to grow. The Group has already exceeded its full year growth target of 150 *Stella Luna* stores and is on track to achieve its full year target of 200 *What For* stores (in China only). The Group will also pursue further growth through store expansions, same-store sales and space expansions to enhance its overall revenue mix.

"We are committed to further enhancing the quality of our products and delivering 'the best shoes' to our customers. We will continue to work hard to prudently expand our business and deliver ongoing returns to our shareholders," Mr. Jack Chiang, Chairman of the Group concluded.

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Consolidated Income Statement
For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Revenue	**672,099**	544,461
Cost of sales	**(507,481)**	(427,563)
Gross profit	**164,618**	116,898
Other income	**4,978**	4,057
Other gains and losses	**405**	(160)
Selling and distribution expenses	**(47,261)**	(27,085)
Administrative expenses	**(30,505)**	(26,521)
Research and development costs	**(20,133)**	(20,128)
Share of results of an associate	**(3,576)**	471
Profit before taxation	**68,526**	47,532
Income tax expense	**(3,689)**	(1,507)
Profit for the period	**64,837**	46,025
Attributable to:		
Equity holders of the Company	**64,906**	46,083
Minority interests	**(69)**	(58)
	64,837	46,025
Final dividends paid in 2010	**54,227**	51,159
Interim dividend	**30,626**	30,646
Earnings per share - Basic (US$)	**0.0820**	0.0583