[For immediate release]

Stella Grows Shipment Volumes in Volatile Operating Environment

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Group expects net profit decline for first half of 2013

Hong Kong, July 11, 2013 – Stella International Holdings Limited ("Stella", or together with its subsidiaries, the "Group"; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear products, today announced its unaudited second quarter business update for the three months and six months ended 30 June 2013.

Financial & Operational Highlights:

	For the three months ended 30 June (Unaudited)		For the six months ended 30 June (Unaudited)	
	2013	2012	**2013**	2012
Revenue (US$ million)				
- Manufacturing	**373.4**	378.9	**640.7**	637.2
- Retail business in China	**29.5**	30.5	**58.4**	54.6
Average selling price per pair (manufacturing) (US$)	**29.4**	30.5	**26.9**	27.9
Total shipment during the period (mil pairs)	**12.7**	12.4	**23.8**	22.9
No. of retail stores in China (As at 30 June)				
- *Stella Luna*			**208**	203
- *What For*			**166**	186
- *JKJY by Stella*			**10**	3
- *Pierre Balmain*			**2**	-

The Group recorded an unaudited consolidated revenue (including the Group's manufacturing business, China retail business, inter-segment sales eliminations and other businesses not covered hereof) of approximately US$404.6 million (2012: US$409.6 million) and US$695.9 million (2012: US$683.1 million) for the three months and six months ended 30 June 2013. This represented a decline of approximately 1.2% and growth of approximately 1.9% as compared to the unaudited consolidated revenue of the corresponding periods of last year.

Revenue from the manufacturing business fell 1.5% to US$373.4 million in the three months ended 30 June 2013 and rose 0.5% to US$640.7 million in the first six months of the year.

Shipment volumes rose 2.4% and 3.9% over the same periods, alongside with the ramp-up of new production capacity at our inland China and Indonesian sites and stable demand in Stella's primary export markets.

The average selling price ("ASP") of the Group's footwear products fell 3.6% to US$26.9 per pair in the first six months of the year, which was primarily attributable to lower raw material costs and our efforts to relocate capacity to inland China and Indonesia.

Sales of our retail footwear products (in China only) fell 3.3% and grew 7.0% respectively in the first three and six months of the year, to US$29.5 million and US$58.4 million respectively. Same store sales fell 0.6% in the first half of the year, as economic uncertainty hit consumer confidence.

We are currently in the process of restructuring our retail business, including inventory controls and the optimisation of our store network, in order to adjust to the volatile retail environment and to secure its future competitiveness. As of 30 June 2013, the Group operated 208 *Stella Luna* stores, 166 *What For* stores, 10 *JKJY by Stella* stores and 2 *Pierre Balmain* stores in China.

Based on the unaudited consolidated management accounts currently available, the Group expects an operating profit decline in the teens and a decrease of over 20% in net profit for the six months ended 30 June 2013, compared to the corresponding period of 2012. This is primarily due to the lower utilisation of manufacturing facilities caused by unseasonal weather and unstable global economic recovery, as well as pressure from higher labour costs and inefficiencies derived from capacity relocation. Furthermore, our net profit has also been negatively affected by the absence of a one-off non-operating gain for the six months ended 30 June 2013 as compared with the same period in 2012.

Looking forward, we will continue to optimise the allocation of production between different production facilities in the second half of 2013 to take full advantage of the labour and cost advantages available at our new facilities in inland China and Indonesia. In addition, we are also developing expansion plans for new production facilities in South Asia or South-East Asia. To achieve sustainable growth, we are prudently considering diversification into other product categories, such as leather goods. On the retail side, we plan to continue the European expansion of our retail business to further grow the global profile of our brands.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "Uneven economic growth and other factors have created a volatile business environment for the Group and we expect this volatility will continue into the rest of the year, with more cautious demand from customers and weaker order visibility. We are also facing a number of external challenges on the retail front and will continue to make necessary adjustments to ensure our business' long-term success."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "Uneven global economic recovery and China's slowing economic growth will continue to impact consumer confidence in both developed markets and China. We are investing in human capital and improving the quality of both our manufacturing and retail operations to ensure that we are well positioned to cope with future challenges, as well as able to move up the value chain."

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