

[For immediate distribution]



Stella's Manufacturing Business Drives Steady Growth

* * * * *

Q4 revenue and shipments up 6.0% and 8.1% y-o-y

Hong Kong, January 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 fourth quarter business update for the three months and year ended 31 December 2012.

Financial & Operational Highlights:

	For the three months ended 31 December (Unaudited)		For the year ended 31 December (Unaudited)	
	2012	2011	2012	2011
Revenue (US\$ million)				
- Manufacturing	336.7	323.3	1,454.1	1,423.0
- Retail business in China	38.6	31.8	116.4	95.1
Average selling price per pair (manufacturing) (US\$)	25.3	26.3	28.6	27.1
Total shipment during the period (mil pairs)	13.3	12.3	50.8	52.6
No. of retail stores in China (As at 31 December)				
- <i>Stella Luna</i>			211	194
- <i>What For</i>			184	182
- <i>JK JY</i>			9	-
- <i>Pierre Balmain</i>			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\$375.2 million (2011: US\$354.0 million) and US\$1,549.8 million (2011: US\$1,494.5million) for the three months and year ended 31 December 2012. This represented an increase of approximately 6.0% and 3.7% as compared to the unaudited consolidated revenue of the corresponding periods of last year. The growth in revenue is attributable to the solid performance of our manufacturing business.

Revenue from the Group's manufacturing operations in the three months and year ended 31 December 2012 rose 4.1% and 2.2% respectively to US\$336.7 million and US\$1,454.1 million. The average selling price (“ASP”) of the Group's footwear products fell 3.8%,

compared to the corresponding period of last year, to US\$25.3 per pair in the final three months of the year, due to falling prices for raw materials over the period. However, ASP rose 5.5% over the full year due to overall input cost inflation, further recognition of the quality of our footwear products, as well as continuous improvements to product mix.

Shipment volumes rose 8.1% to 13.3 million pairs in the three months ended 31 December 2012, while down 3.4% to 50.8 million pairs for the year ended 31 December 2012.

Looking forward, we will maintain our long-term strategy for optimising the Group's manufacturing operations by shifting production to inland areas of China and South-East Asia.

Sales for our *Stella Luna*, *What For*, *JK JY* and *Pierre Balmain* branded footwear products (in China only) reached US\$38.6 million and US\$116.4 million respectively during the three months and year ended 31 December 2012, an increase of 21.4% and 22.4%. Same store sales fell 0.5% during the final three months of the year.

We continued to refine our store network in China during the final three months of the years in order to better capture growing demand for affordable luxury footwear in China. As of 31 December 2012, the Group operated 211 *Stella Luna* stores, 184 *What For* stores, 9 *JK JY* stores and 2 *Pierre Balmain* store in China.

We also opened our first *Stella Luna* store in Paris in December to establish a presence in the world's fashion capital. We plan to open retail stores in other European fashion capitals within the next five years.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "We have seen a gradual recovery in the volume of our shipments during the final quarter of the year, despite persistent uncertainty in our key export markets, as customers continue to value the quality and value-adding features of our products. On the retail side, we are delighted to be further expanding *Stella Luna's* international footprint to Europe, further underlining its status as a global brand."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "Although the global economic outlook remains uncertain, we are confident in our ability to sustain the demand for our products in the coming year. We will continue to increase our values through innovation, commitment to quality and through our strong relationships with clients."

####

For further information, please contact:

College Hill

Matthew Schultz

Tel: +852 3791 2032

Email: matthew.schultz@collegehill.com

Vinita Wan

Tel: +852 3791 2286

Email: vinita.wan@collegehill.com