

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Stella International Holdings Limited
九興控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1836)

BUSINESS UPDATE OF THE GROUP
FOR THE THIRD QUARTER OF 2010

The Board (the “Board”) of Directors (the “Directors”) of Stella International Holdings Limited (the “Company”) is pleased to update the business development of the Company and its subsidiaries (collectively, the “Group”) for the third quarter of 2010. This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

TOTAL CONSOLIDATED REVENUE

For the three months and nine months ended 30 September 2010, the unaudited consolidated revenue of the Group (including the Group’s manufacturing business, China retail business, inter-segment sales eliminations and other businesses) was approximately US\$426.3 million and US\$970.8 million respectively, representing a growth of approximately 41.5% and 27.7% as compared to the corresponding periods last year. The increase in the Group’s total consolidated revenue is mostly attributable to the steady recovery of the Group’s export markets and the robust expansion of its retail business.

Looking forward, the Group expects its existing margin pressures to ease as the average selling price (“ASP”) for its footwear products improves. Export volumes of the Group are also expected to continue to grow at a satisfactory pace. The Group will continue to implement its diversification strategy of expanding production capacity into inland areas of China and South-East Asia in order to lower its production costs and secure a stable labour supply.

The Group’s retail businesses continued to attract more attention from the media and consumers while the Group rapidly establishes itself in the Chinese affordable luxury market. 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.

* For identification purpose only

MANUFACTURING BUSINESS

An analysis of the revenue, quantity and ASP in relation to the manufacturing business of the Group for the three months and nine months ended 30 September 2010 is shown in the table below:

	For the nine months ended 30 September			For the three months ended 30 September		
	(Unaudited)		Change	(Unaudited)		Change
	2010	2009	(%)	2010	2009	(%)
Revenue (<i>US\$ million</i>)	935.8	732.7	27.7	419.2	293.8	42.7
Quantity (<i>million pairs</i>)	40.1	31.2	28.5	15.8	11.8	33.9
Average Selling Price (<i>US\$/pair</i>)	23.3	23.5	-0.9	26.5	25.0	6.0

The downward trend in ASP was reversed by the end of the first half this year, with ASP growing at a steady rate during the three months ended 30 September 2010 as the Group's customers agreed to price increases. The Group continued to run a full order book over both periods.

RETAIL BUSINESS IN CHINA

An analysis of the revenue in relation to the Group's retail operations in China for the three and nine months ended 30 September 2010, as well as the number of retail stores operated by the Group in China as of 30 September 2010 is shown in the table below:

	For the nine months ended 30 September			For the three months ended 30 September		
	<i>US\$ million</i> (Unaudited)		Growth	<i>US\$ million</i> (Unaudited)		Growth
	2010	2009	(%)	2010	2009	(%)
Revenue	39.5	30.7	28.7	13.2	12.1	9.1
Same-stores-sales	18.6	15.7	18.5	5.5	4.2	31.0
	As at 30 September					
Number of stores			2010		2009	Increase
<i>Stella Luna</i> stores			140		118	22
<i>What For</i> stores			133		87	46

By order of the Board
Stella International Holdings Limited
Chiang Jeh-Chung, Jack
Chairman

Hong Kong, 14 October 2010

As at the date of this announcement, the executive Directors are Mr. Chiang Jeh-Chung, Jack, Mr. Shih Takuen, Daniel, Mr. Chao Ming-Cheng, Eric, Mr. Chen Li-Ming, Lawrence, and Mr. Chi Lo-Jen and the independent non-executive Directors are Mr. Chu Pao-Kuei, Mr. Ng Hak Kim, JP, Mr. Johnny Chen and Mr. Peter Bolliger.