[For immediate release]

Resurgent Export Volumes Supports Stella's Robust Performance in the First Half 2010

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Shipment volumes +25.3%, revenue +18.6%

Hong Kong, 19 August, 2010 – **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 2010.

Financial & Operational Highlights:

	For the six months ended 30 June 2010		Change (%)
(US$'000)	**2010**	**2009**	
Turnover	544,461	459,174	18.6
Gross profit	116,898	113,529	3.0
Profit before taxation	47,532	50,450	-5.8
Profit attributable to equity holders of the Company	46,083	47,518	-3.0
Basic earnings per share (US$)	0.0583	0.0600	-2.8
GP margin (%)	21.5	24.7	-3.2 ppt
NP margin (%)	8.5	10.3	-1.8 ppt
Average selling price ("ASP") per pair (US$)	21.3	22.6	-5.8
Total shipment during the period (mn pairs)	24.3	19.4	25.3
No. of retail stores in China	251	181	70 stores

Results Summary

For the six months ended 30 June 2010, the Group's consolidated total revenue was US$544.5 million, an increase of 18.6%. This increase is attributable to a resurgence in shipment volumes, up 25.3% to 24.3 million pairs, as the global economic recovery began to take hold.

Total gross profit for the first six months of the year was US$116.9 million, an increase of 3.0% from the corresponding period of last year. Profit attributable to equity holders of the Company fell 3.0% year-on-year to US$46.1 million. The average selling price ("ASP") for its products fell 5.8% to US$21.3 per pair over the period as last year's decision to "share the pain" by reducing ASPs continued to filter through. This margin pressure has dissipated over the past few months as the Group's order book approached capacity. The Board has declared an interim dividend of HK30 cents per share.

Mr. Lawrence Chen, Chief Executive Officer of the Group said, "The strong bounce in export volumes is a testament to Stella's unmatched design and development capabilities, our responsiveness to the needs and specifications of our luxury brand clients, and the premium position we occupy on the value chain. This unique value-adding proposition has allowed us to capture the continuing outsourcing trend from our high-end clients."

Manufacturing Business

Despite the emergence of new challenges in the OEM sector in China, the Group continued to add more high-end brands and niche players to its customer base which further boosted its export volumes. The addition of these brands allowed the Group to expand its manufacturing capabilities to cover new types of products, such as physiological shoes which target well-being, reinforcing Stella's reputation for meeting the unique needs of its clients.

All business segments performed strongly over the period, with the Group's women's fashion footwear business remaining its largest business segment, contributing 35.2% of total revenue. The Group's women's and men's casual footwear business contributed 28.1% and 23.4% of the Group's overall revenue respectively, while the men's fashion footwear segment contributed 5.3%.

Geographically, North America and Europe remained the Group's two largest markets, accounting for 52.7% and 29.5% of the Group's total revenue for the first half of the year respectively. This was followed by Asia (other than the PRC) at 7.7%, the PRC (including Hong Kong and Macau) at 7.6% and other geographical regions which contributed 2.5%.

Overcoming Emerging Challenges

The Group is well advanced in implementing a number of cost efficiency measures to lower input costs and secure a stable labour supply. Pre-empting the PRC government's minimum wage rise and the challenges of a tightening labour market, the Group raised its basic pay rate in February 2010, allowing it to retain workers and avoid the problems experienced by other manufacturers.

Stella has also been prudently expanding its capacity in the inland areas of China where it is developing new factories in Guangxi and Hunan. Once online, these new facilities will help shift its more labour intensive processes away from the more expensive coastal areas, allowing the Group to control its manufacturing costs and optimize its production.

Retail Business

Despite the gradual winding down of the PRC Government's stimulus policies, the appetite for quality fashion footwear amongst Chinese consumers has continued to grow unabated. The Group's *Stella Luna* and *What For* brands have continued to gain more and more attention from the media and consumers and are rapidly establishing themselves in the Chinese affordable luxury market.

Stella maintained its store expansion strategy throughout the first half of the year, opening 32 new *Stella Luna* stores and 43 *What For* stores in China and across the region. It also opened one *UGG s*tore in Shenyang, the second in China, as part of its joint-venture with Deckers Asia Pacific Limited.

Sales for the retail business in the 6 months ended 30 June 2010 reached US$28.1 million, a 39.8% increase over the corresponding period of last year. Same store sales (for China stores only) grew 13.9% to US$13.1 million during the six months under review, and were strongly supported by the successful launch of the Spring/Summer collection.

Future Plans & Prospects

The Group will continue to run its order book at full capacity during the second half of 2010, with export volumes expected to grow at a satisfactory pace. Existing margin pressures will also ease as more of its customers agree to share increases in cost. Following the future completion of the factories in Guangxi and Hunan, the Group will continue to expand manufacturing capacity in the inland provinces of China in order to minimise wage and labour supply challenges.

Going forward, the Group is also prudently exploring opportunities to expand additional capacity into a third country outside of China and Vietnam in order to further lower input costs. This expansion will be pursued organically and there are no plans to expand manufacturing capacity through M&A or related activities.

On the retail side, continued economic growth and social mobility will support Stella's store expansion strategy and the demand for quality footwear. The Group maintains its full year store target of 135 *Stella Luna* stores and 150 *What For* stores (in China only), with China remaining the primary focus for expansion. It will also continue to pursue strong growth in retail revenue through same-store sales and space expansion in order to improve overall revenue mix. The Group will also prudently consider any opportunities to acquire selected footwear and related accessories brands/channels to support the expansion of its retail business.

"Our preparedness for the challenges that have emerged this year has ensured that our company remains in a strong position has it heads towards the future. With our operations now back at full capacity, we look forward to delivering quality products to our customers and better returns to our shareholders as Stella continues to thrive," Mr. Jack Chiang, Chairman of the Group concluded.

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Consolidated Income Statement
For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Revenue	**544,461**	459,174
Cost of sales	**(427,563)**	(345,645)
Gross profit	**116,898**	113,529
Other income	**4,120**	6,516
Selling and distribution expenses	**(27,085)**	(27,020)
Administrative expenses	**(26,834)**	(23,000)
Research and development costs	**(20,128)**	(16,758)
Impairment loss on goodwill	**-**	(3,303)
Share of results of an associate	**471**	487
Finance costs	**-**	(1)
Profit before tax	**47,532**	50,450
Income tax expense	**(1,507)**	(2,968)
Profit for the period	**46,025**	47,482
Attributable to:		
Equity holders of the Company	**46,083**	47,518
Minority interests	**(58)**	(36)
	46,025	47,482
Dividends	**51,159**	51,248
Earnings per share - Basic (US$)	**0.0583**	0.0600