[For immediate release]

Stella: Shipments and ASP Edge Up in Q3

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Q3 shipment volumes rebound by 2.1%, ASP gained 3.5%

Hong Kong, October 18, 2012 – 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 third quarter business update for the three months and nine months ended 30 September 2012.

Financial & Operational Highlights:

	For the three months ended 30 September (Unaudited)		For the nine months ended 30 September (Unaudited)	
	2012	2011	**2012**	2011
Revenue (US$ million)				
- Manufacturing	**480.2**	455.5	**1,117.4**	1,099.7
- Retail business in China	**23.3**	21.5	**77.8**	63.2
Average selling price per pair (manufacturing) (US$)	**32.9**	31.8	**29.8**	27.3
Total shipment during the period (mil pairs)	**14.6**	14.3	**37.5**	40.3
No. of retail stores in China (As at 30 September)				
- *Stella Luna*			**212**	178
- *What For*			**189**	166
- *JKJY*			**6**	-
- *Pierre Balmain*			**1**	-

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$490.2 million (2011: US$466.1 million) and US$1,174.6 million (2011: US$1,138.2 million) for the three months and nine months ended 30 September 2012. This represented an increase of approximately 5.2% and 3.2% as compared to the unaudited consolidated revenue of the corresponding periods of last year.

Revenue from the Group's manufacturing operations in the three months and nine months ended 30 September 2012 rose 5.4% and rose 1.6% to US$480.2 million and $1,117.4 million respectively. This increase was mostly attributed to the Group's solid relationship with customers, the rationalisation of its manufacturing operations and high recognition of its high-value added footwear products.

The average selling price of the Group's footwear products rose 9.2% to US$29.8 per pair in the first nine months of the year, which was mostly attributable to the inflation of input costs, further recognition of the quality of the Group's footwear products from our customers, as well as continuous improvements to the Group's product mix.

The capacity constraints faced by the Group earlier this year was alleviated in the third quarter. Shipment volumes grew 2.1% to 14.6 million pairs in the third quarter, while down 6.9% to 37.5 million pairs in the nine months ended 30 September 2012, as compared with the respective corresponding periods of 2011.

The Group expects demand for its customised footwear products to remain steady throughout the rest of the year, despite uncertain economic conditions, as Stella continues to improve the quality of its products. Stella will also further expand production capacity at its inland China and South-East Asian facilities in order to take advantage of the more favourable labour and cost conditions and to overcome current capacity shortfalls.

Sales for the Group's *Stella Luna*, *What For* and *JKJY* branded footwear products (in China only) slowed during the periods under review. Revenue from the retail business rose 8.4% to US$23.3 million and rose 23.1% to US$77.8 million during the three and nine months ended 30 September 2012 respectively. Same store sales fell 8.2% during the third quarter of the year. As of 30 September 2012, the Group operated 212 *Stella Luna* stores, 189 *What For* stores, 6 *JKJY* stores and 1 *Pierre Balmain* store in China.

Despite the recent slowdown, the Group remains optimistic of the medium-to-long term growth potential of the Chinese footwear market. In order to maximise the retail business' ability to tap this long-term growth, the Group is gradually refining its store network in China.

The Group also plans to open its first *Stella Luna* store in Paris in the fourth quarter of the year.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "Our business has continued to perform resiliently, despite the slowing global economy. We have continued to attract a stable level of orders as more and more footwear brands appreciate the quality and value-adding features of our products. Although the performance of our retail brands has been affected by the slowdown in the Chinese economy, we are confident that our plans to refine our store network will enable us to grow our retail business as a sustainable and healthy business unit."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "The economic outlook for Europe remains highly uncertain, although there are positive economic signals coming from the United States. Therefore, we remain focused on our efforts to improve the quality of our products so that we continue to add value to our customers, regardless of the economic conditions. This will leave us well positioned to deliver satisfactory returns for shareholders."

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