[For immediate release]

Prudent Work Allows Stella to Combat External Challenges in Q4

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Q4 revenue down 1.2%; Group opens first European 'What For' store

Hong Kong, January 13, 2014 – 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 2013.

Financial & Operational Highlights:

	For the three months ended 31 December (Unaudited)		For the year ended 31 December (Unaudited)	
	2013	2012	**2013**	2012
Revenue (US$ million)				
- Manufacturing	**339.2**	336.7	**1,435.8**	1,454.1
- Retail business in China	**33.9**	38.6	**117.6**	116.4
Average selling price per pair (manufacturing) (US$)	**26.7**	25.3	**28.3**	28.6
Total shipment during the period (mil pairs)	**12.7**	13.3	**50.8**	50.8
No. of retail stores in China (As at 31 December)				
- *Stella Luna*			**196**	211
- *What For*			**116**	184
- *JKJY by Stella*			**13**	9
- *Pierre Balmain*			**2**	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$370.6 million (2012: US$375.2 million) and US$1,539.8 million (2012: US$1,550.0 million) for the three months and year ended 31 December 2013. This represented a decline of approximately 1.2% and approximately 0.7% respectively as compared to the unaudited consolidated revenue of the corresponding periods of the previous year.

Revenue from our manufacturing operations rose 0.7% and fell 1.3% respectively in the three months and year ended 31 December 2013, as consumer sentiment in the United States and Europe lagged behind economic recovery in both markets. These conditions also resulted in a 4.5% fall in shipment volumes to 12.7 million pairs during the three months under review. Shipment volumes for the year ended 31 December 2013 were steady compared to the previous year, at 50.8 million pairs, as we continued to progressively ramp-up of capacity at our new production facilities in inland China and Indonesia.

The average selling price ("ASP") of our footwear products rose 5.5% to US$26.7 per pair in the three months ended 31 December 2013, which was partially attributable to rising raw material costs.

Turning to our retail business, we were excited to introduce our first *What For* store in Europe in December, located in Paris' Le Marais district. The new Paris store is part of the global rebranding of *What For* being progressively rolled-out by the Group.

Sales of our *Stella Luna*, *What For* and *JKJY by Stella* and *Pierre Balmain* branded footwear products (in China only) fell 12.2% to US$33.9 million in the three months ended 31 December 2013, while rising 1.0% to US$117.6 million respectively in the year ended 31 December 2013. Same-store sales declined 5.8% during the fourth quarter of 2013, although we oversaw an increased turnover of high-margin products during the period resulted from an increase in sell through of the current season merchandises. As of 31 December 2013, we operated 196 *Stella Luna* stores, 116 *What For* stores, 13 *JKJY by Stella* stores and 2 *Pierre Balmain* stores in China.

Looking forward, we expect our brand customers to continue adopting a conservative approach to inventory due to subdued demand from consumers and uneven rates of economic recovery. To counter these challenges, we will continue to focus on smoothing the shift of manufacturing capacity into inland areas of China and Indonesia, improving productivity, and maintaining strict cost-controls to protect margins. We will also continue to focus on improving the quality of our footwear products to maintain our long-term relationship with clients and ensure that Stella is well positioned for demand recovery.

On the retail side, we will also continue to refine and optimise our retail store network to support our future competitiveness.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "While external conditions have continued to weigh on our manufacturing business, our efforts to relocate our capacity to inland areas of China and Indonesia remain on track. We are confident that these efforts, as well as other ongoing strategies to lift productivity and efficiency, will help us preserve our long-term margins and profitability. We are also beginning to experience some positive effects arising from the optimisation of our retail business, such as better sales mix and margins."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "It is likely that global consumer demand for premium footwear will continue to lag behind improving economic conditions in the United States and Europe in the first half of 2014. However, Stella is well positioned for future recovery as the result of our prudent investments in manufacturing facilities in inland China and Indonesia and persistent quality improvement measures. The introduction of a second retail brand to Europe will also increase the value and prestige of our retail brands, reinforcing our ability to provide long-term returns to shareholders."

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