[For immediate distribution]

Revenue picks up alongside demand in 2Q

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Unaudited revenue +10.5% and shipments +7.9% in the second quarter of 2014

Hong Kong, July 10, 2014 – Stella International Holdings Limited ("Stella", or together with its subsidiaries, the "Group"; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited second quarter business update for the three months and six months ended 30 June 2014.

Financial & Operational Highlights:

	For the three months ended 30 June (Unaudited)		For the six months ended 30 June (Unaudited)	
	2014	2013	**2014**	2013
Revenue (US$ million)				
- Manufacturing	**422.8**	373.4	**673.6**	640.7
- Retail business in China	**25.1**	29.5	**49.3**	58.4
Average selling price per pair (manufacturing) (US$)	**30.9**	29.4	**28.4**	26.9
Total shipment during the period (mil pairs)	**13.7**	12.7	**23.7**	23.8
No. of retail stores in China (As at 30 June)				
- *Stella Luna*			**187**	207
- *What For*			**96**	166
- *JKJY by Stella*			**9**	10
- *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$447.1 million (2013: US$404.6 million) and US$721.0 million (2013: US$695.9 million) for the three months and six months ended 30 June 2014. This represented an improvement of approximately 10.5% and 3.6% as compared to the unaudited consolidated revenue of the corresponding periods of last year. The rise in revenue was mostly attributable to improving consumer sentiment and a gradual recovery in demand for our footwear products.

Revenue from the manufacturing business rose 13.2% to US$422.8 million in the three months ended 30 June 2014 and rose 5.1% to US$673.6 million in the first six months of the year. Shipment volumes rose 7.9% and fell 0.4% over the same periods to 13.7 million pairs and 23.7 million pairs respectively.

The average selling price ("ASP") of our footwear products rose 5.6% to US$28.4 per pair in the first six months of the year, which was mostly attributable to rising input costs.

We continued to carry out an internal restructure of our retail business during the periods under review, which will lay a foundation for the launch of several new initiatives in the coming months. During the three months and six months under review, sales of our *Stella Luna*, *What For*, *JKJY by Stella* and *Pierre Balmain* branded footwear products (in China only) fell 14.9% and 15.6% respectively to US$25.1 million and US$49.3 million, despite our retail business becoming more profitable during the periods. Same store sales fell 8.6% in the first half of the year. The fall in revenue and same-stores sales was mostly attributable to the ongoing consolidation of our retail business, as well as weakening economic growth and consumer confidence in China.

As of 30 June 2014, the Group operated 187 *Stella Luna* stores, 96 *What For* stores, 9 *JKJY by Stella* stores and 2 *Pierre Balmain* stores in China.

Looking forward, we expect that demand for our footwear products will continue to recover, although growth in shipments may be uneven. We also expect more of our customers to begin restocking their inventories in-line with improving economic conditions.

We will continue to maintain cost controls within our manufacturing business and take further steps to improve productivity, efficiency and utilisation at our production facilities, particularly in inland China and Indonesia, in order to safeguard our profitability. We will also take additional steps as needed to further optimise our retail business in China, while also expanding the marketing of our retail brands in Europe.

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group's performance, "We are pleased that demand for our footwear products is starting to recover. However, economic recovery in our primary export markets remains vulnerable to external shocks such as the extreme weather in North America in the first quarter of 2014. We will continue to make every effort to minimise costs and inefficiencies to improve our financial performance."

Commenting on the outlook for the Group's businesses, Mr. Jack Chiang, Chairman of the Group, said, "We are cautiously optimistic about the outlook for our business in the second half of 2014. We will continue to invest in our ability to produce high quality footwear products and in our value-adding capabilities in order to capitalise on upticks in demand and deliver long-term benefits for customers and shareholders."

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