



PRESS RELEASE

Yue Yuen Announces FY2003 Nine-Month Results

Encouraging Turnover and Net Profit Growth

(Hong Kong, 7 October 2003) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”, stock code: 551) today announced its unaudited consolidated results for the third quarter and the nine months ended 30 June, 2003. The turnover and net profit for the third quarter of fiscal year 2003 rose 25.7% year on year to US\$665.2 million and 39.2% to US\$87.4 million respectively.

Operations

For the nine-month period ended 30 June, 2003, the total turnover and net profit increased by 32.6% to US\$1,906.9 million and 37.9% to US\$239.1 million respectively compared with the corresponding period last year. Total shoe production during the period amounted to 121.3 million pairs, an increase of 24.5% compared with the same period last year.

The Group’s earnings growth momentum has remained strong in the third quarter. Excluding contributions from the upstream business, mainly comprising shoe material supplies operations acquired in October 2002, the Group’s turnover increased by 19.7% to US\$1,721.1 million for the nine months ended 30 June 2003. Adjusting for intra-group sales, the turnover of the upstream business amounted to US\$185.8 million covering sales to external customers for the first nine months of fiscal year 2003.

Total Turnover by Product Categories (Excluding the Upstream Business)

Nine months ended 30th June	2003		2002		<i>y-o-y % change</i>
	<i>US\$ million</i>	%	<i>US\$ million</i>	%	
Athletic Shoes	1,254.5	72.9	1,096.4	76.2	14.4
Casual/Outdoor Shoes	311.2	18.1	248.3	17.3	25.3
Sports Sandals	26.1	1.5	--	--	--
Sole & Components	113.5	6.6	92.5	6.4	22.7
Retail Sales - Shoes & Apparel	15.8	0.9	1.2	0.1	1,193.7
Total Turnover	1,721.1	100.0	1,438.4	100.0	19.7



Total Turnover by Geographical Market (Excluding the Upstream Business)

Nine months ended 30th June	2003		2002		y-o-y % change
	US\$ million	%	US\$ million	%	
U.S.A.	770.0	44.7	734.3	51.1	4.9
Canada	34.9	2.0	32.0	2.2	9.1
Europe	593.1	34.5	407.3	28.3	45.6
South America	35.3	2.1	40.1	2.8	(12.0)
Asia	253.7	14.7	191.5	13.3	32.5
Other Area	34.1	2.0	33.3	2.3	2.3
Total Turnover	1,721.1	100.0	1,438.4	100.0	19.7

Looking Forward

“We have achieved encouraging results for the first nine months of fiscal year 2003 and the full year results will remain positive despite a seasonal slowdown in the fourth quarter,” said Mr. Tsai Chi Neng, Chairman of the Group.

“Yue Yuen’s core footwear manufacturing business will continue to deliver solid performance while the new investments such as the sports apparel manufacturing operations and the ladies’ shoes joint venture will lay a strong foundation for the Group’s future growth. The Group is in the process of rationalizing its assets utilization and it will be an on going strategy to dispose of non-core assets deploring resources into the core footwear manufacturing business.”

Yue Yuen Industrial (Holdings) Limited is the largest branded footwear manufacturer in the world, with approximately 17% market share in all of branded athletic and casual/outdoor footwear. The Group is an original equipment manufacturer/original design manufacturer (“OEM/ODM”) for major international brand name companies such as Nike, Adidas, Reebok, Asics, New Balance, Timberland and Rockport. Yue Yuen also produces footwear components for sale to other manufacturers.

In 1988 Yue Yuen was incorporated by the Tsai Family and has been listed on The Stock Exchange of Hong Kong Limited since 1992.

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iPR ASIA LTD
www.iprasia.com

Gary Li/ Natalie Palmer/ Natalie Tam/ Ellen Zee
Tel: 2136 6178/ 6954/ 6182/ 6184
Fax: 2136 6068
E-mail: garyli@iprasia.com.hk



Yue Yuen Industrial (Holdings) Limited

Consolidated Income Statement

For the nine months ended 30th June, 2003

	Nine months ended 30th June,	
	2003 (Unaudited) US\$'000	2002 (Unaudited) US\$'000
Turnover	1,906,895	1,438,438
Cost of Sales	<u>(1,399,418)</u>	<u>(1,058,803)</u>
Gross Profit	507,477	379,635
Other Operating Income	71,916	40,623
Selling and Distribution Expenses	(67,915)	(46,919)
Administrative Expenses	(167,859)	(127,616)
Other Operating Expenses	<u>(102,750)</u>	<u>(63,572)</u>
Profit from Operations	240,869	182,151
Finance Costs	(11,681)	(9,902)
Share of Results of Associates	3,780	(1,089)
Share of Results of Jointly Controlled Entities	<u>9,110</u>	<u>2,449</u>
Profit before Taxation	242,078	173,609
Income Tax Expense	<u>(1,805)</u>	<u>(832)</u>
Profit before Minority Interests	240,273	172,777
Minority Interests	<u>(1,222)</u>	<u>615</u>
Net Profit for the Period	<u>239,051</u>	<u>173,392</u>