



PRESS RELEASE

Yue Yuen Announces FY2004 First Quarter Results

Building the foundation

(Hong Kong, 17th March 2004) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”, stock code: 551) today announced its unaudited consolidated results for the three months ended 31st December, 2003. Turnover and net profit increased year-on-year by 5.4% to US\$644.7 million and 35.8% to US\$93.9 million respectively.

The Group recorded steady growth in the core footwear manufacturing operations during the period under review despite a high base of comparison in the corresponding period the pervious year. The booking of US\$23.4 million profit from the disposal of the Group’s entire share holdings of Pou Chen Corporation in Taiwan contributed to the strong bottom line net profit growth.

Total shoe production during the period amounted to 42.1 million pairs, an increase of 8.7% compared with the corresponding period the previous year.

Total Turnover by Product Category

For the three months ended	2003		2002		y-o-y
31st December	US\$ millions	%	US\$ millions	%	% change
Athletic Shoes	409.1	63.4	421.5	68.9	(2.9)
Casual/Outdoor Shoes	111.6	17.3	97.0	15.9	15.1
Sports Sandals	13.3	2.1	--	--	--
Soles & Components	95.2	14.8	88.2	14.4	7.9
Retail Sales - Shoes & Apparel	12.6	1.9	4.8	0.8	161.8
Others	2.9	0.5	--	--	--
Total Turnover	644.7	100.0	611.5	100.0	5.4

Total Turnover by Geographical Market

For the three months ended	2003		2002		y-o-y
31st December	US\$ millions	%	US\$ millions	%	% change
U.S.A.	240.7	37.3	259.9	42.5	(7.4)
Canada	11.3	1.8	13.3	2.2	(14.6)
Europe	206.1	32.0	183.9	30.1	12.0
South America	13.0	2.0	12.4	2.0	4.6
Asia	156.0	24.2	128.4	21.0	21.5
Other Areas	17.6	2.7	13.6	2.2	29.1
Total Turnover	644.7	100.0	611.5	100.0	5.4



The Group will streamline its asset bases with the disposal of non-core assets and acquisition of assets related to its core manufacturing operations. Furthermore, the Group will continue to initiate measures to capture the opportunity arising from broadening of product mix and exploring of new market segments in the core footwear operations.

Meanwhile, the Group will push ahead its expansion strategy through mergers and acquisitions mainly in the areas of upstream raw materials, apparel and China retail sales. The acquisition of a 30.88% interest in and subscription of convertible bonds issued by Eagle Nice (International) Holdings Limited, an apparel manufacturer listed on the Stock Exchange of Hong Kong Limited, has demonstrated its commitment in horizontal expansion into sports apparel.

The Group has a comprehensive expansion program and growing strategy in the future. “Leveraging on its solid footwear manufacturing operations, we will continue to expand the product categories and to improve productivity despite a fluctuation in raw material prices undermining the profit margins,” said Mr. Tsai Chi Neng, Chairman of the Group.

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.



Consolidated Income Statement

For the three months ended 31st December, 2003

	For the three months ended 31st December,	
	2003	2002
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Turnover	644,693	611,483
Cost of Sales	<u>(486,596)</u>	<u>(451,213)</u>
Gross Profit	158,097	160,270
Other Operating Income	23,567	20,748
Selling and Distribution Expenses	(22,886)	(20,692)
Administrative Expenses	(58,329)	(53,829)
Other Operating Expenses	<u>(31,150)</u>	<u>(37,457)</u>
Profit from Operations	69,299	69,040
Finance Costs	(3,405)	(3,832)
Profit on Disposal of Investment Securities	23,373	----
Share of Results of Associates	1,179	1,541
Share of Results of Jointly Controlled Entities	<u>4,555</u>	<u>2,560</u>
Profit before Taxation	95,001	69,309
Income Tax Expense	<u>(901)</u>	<u>(438)</u>
Profit before Minority Interests	94,100	68,871
Minority Interests	<u>(239)</u>	<u>227</u>
Net Profit for the Period	<u>93,861</u>	<u>69,098</u>

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