

## PRESS RELEASE

### Yue Yuen Announces FY2011 Results

#### *Welcoming the European Cup and the Olympics in 2012*

(Hong Kong, 30 December 2011) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”, stock code: 551) today announced its audited consolidated results for the year ended 30th September, 2011. Total turnover rose 21.7% year on year to approximately US\$7,045.4 million, and net profit attributable to owners of the Company decreased by 6.2% year on year to approximately US\$449.8 million. Basic earnings per share at US27.28 cents, decreased by 6.2% compared to last year’s figure.

The Directors have resolved to recommend the payment of a final dividend of HK\$0.56 per share, keeping to the same amount as FY2010. (Interim dividend in FY2011 - HK\$0.34 per share versus FY2010 - HK\$0.34 per share). The total dividend for the year will be HK\$0.90 per share, remaining the same compared to FY2010.

#### Operations

Footwear manufacturing activity for the Group maintained the momentum of growth in volume and turnover, but continued to experience profit margin pressure mainly due to rising raw material costs and factory wages which need joint efforts by the Group and brand names in the aspects of manufacturing excellence and supply chain improvements for fixing the negative factors.

Sales to the Group’s largest geographic market, Asia, grew at moderate pace of 26.2% compared to last year. In its second largest market, the U.S.A., there was also year on year sales growth as measured against the previous year at 17.7%. The European market managed to grow at 30.6% compared to last year. South America had sales growth of 6.2%.

#### Total Turnover by Geographical Market

For the year ended 30 Sep

	2011		2010		y-o-y %change
	US\$ millions	%	US\$ millions	%	
U.S.A.	2,010.8	28.5	1,709.1	29.5	17.7
Europe	1,541.5	21.9	1,180.4	20.4	30.6
Asia	2,870.2	40.8	2,274.5	39.3	26.2
South America	352.4	5.0	331.9	5.7	6.2
Canada	99.2	1.4	143.6	2.5	(31.0)
Other Areas	171.3	2.4	148.7	2.6	15.2
<b>Total Turnover</b>	<b>7,045.4</b>	<b>100.00</b>	<b>5,788.2</b>	<b>100.0</b>	<b>21.7</b>

Sales of athletic shoes, the key product category for the Group, grew by 20.1% year on year. The category with the strongest sales momentum, casual outdoor shoes, grew by 31.4% year on year. Leading brand name customers in both categories were able to launch a series of new models with innovative designs to capture consumer attention and boost sales. Retail sales were also up year on year as China had solid GDP growth and consumers in China continued their purchases of well known brand name athletic footwear and apparel.



### Total Turnover by Product Category

For the year ended 30 Sep

	2011		2010		y-o-y
	US\$ millions	%	US\$ millions	%	%change
Athletic Shoes	3,680.2	52.2	3,064.7	52.9	20.1
Casual/Outdoor Shoes	1,239.6	17.6	943.4	16.3	31.4
Sports Sandals	81.2	1.2	64.2	1.1	26.5
Retail Sales– Shoes & Apparel	1,431.3	20.3	1,185.7	20.5	20.7
Soles, Components & Others	613.1	8.7	530.2	9.2	15.6
<b>Total Turnover</b>	<b>7,045.4</b>	<b>100.00</b>	<b>5,788.2</b>	<b>100.0</b>	<b>21.7</b>

At the end of September 2011, the total number of directly operated counters/stores in China under the Group stood at about 3,055 and there were 3,357 sub-distributors in the Greater China region.

During the year under review, the Group increased the number of production lines by 16.7% to 537. Most of these new lines were allocated among its three key production bases: China, Indonesia and Vietnam. The pairs of shoes made by the Group during the year amounted to 326.6 million, an increase of 14.0%.

### Looking Forward

For the two months ended November 2011, the Group turnover stepped up by around 15% year-on-year to approximately US\$1.2 billion.

The global economic environment in 2012 will still be volatile as the economic recovery is only gradually building momentum. Countries in the developed world that are grappling with significant budget deficits, will continue to emit negative headline news on a recurring basis so that consumers in those countries may be reluctant to spend and would rather increase their savings. However given the occurrence of the European Cup in June 2012 and the Olympics in August 2012, consumers should still be inspired to purchase athletic footwear and sports apparel.

If consumer purchasing power in China continues to grow in the coming year, then the Group may see further sales growth in its retail operations.

Yue Yuen Industrial (Holdings) Ltd.

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**Consolidated Income Statement**

*For the year ended 30th September, 2011*

	<b>For the year ended 30 Sep</b>	
	<b>2011</b>	<b>2010</b>
	<b>(audited)</b>	<b>(audited)</b>
	US\$'000	US\$'000
Turnover	7,045,373	5,788,208
Cost of sales	(5,489,700)	(4,377,787)
Gross profit	1,555,673	1,410,421
Other income	169,222	123,535
Fair value changes of investment properties	6,955	643
Fair value changes on derivative financial instruments	(36,144)	(1,865)
Impairment loss on available-for-sale investments	(100)	(900)
Selling and distribution expenses	(542,283)	(440,646)
Administrative expenses	(513,396)	(454,229)
Other expenses	(170,076)	(166,410)
Gain on deemed disposal of JCE	18,767	1,267
Impairment loss on investments in associates	(500)	(1,300)
Impairment loss on investments in jointly controlled entities	(1,500)	(1,700)
Finance costs	(37,419)	(40,422)
Share of results of associates	35,355	39,790
Share of results of jointly controlled entities	27,174	62,679
Profit before taxation	511,728	530,863
Income tax expense	(28,203)	(35,025)
Profit for the year	<u>483,525</u>	<u>495,838</u>
Attributable to:		
Owners of the Company	449,829	479,507
Non-controlling interests	33,696	16,331
	<u>483,525</u>	<u>495,838</u>
Earnings per share	US cents	US cents
Basic	<u>27.28</u>	<u>29.08</u>
Diluted	<u>23.15</u>	<u>27.19</u>