



PRESS RELEASE

Yue Yuen Announces FY2007 First Quarter Results

Continuous expansion in China retail operation

(Hong Kong, 27 March 2007) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”, stock code: 551) today announced its unaudited consolidated results for the three months ended 31st December, 2006. Turnover increased year-on-year by 9.4% to US\$960.3 million and the profit attributable to equity holder of the company increased by 7.6% year-on-year to US\$92.4 million.

The Group has recorded steady growth in the core footwear manufacturing business during the period under review with a 6.2% year-on-year increase in footwear production volume to 52.6 million pairs. Also, there was improvement in the revenue contribution from sole and component operations. Turnover from wholesales and retail operations in the Greater China region increased year-on-year by 26% to US\$82 million. Including the Group’s subsidiaries and associate companies, the Group had about 1,450 self-run and franchised stores/counters in mainland China at the end of 2006.

In the first two months of the second quarter of FY2007 (January and February of 2007), the Group recorded aggregate revenue of US\$617.5 million, a rise of 11.6% year-on-year. The core footwear manufacturing business recorded stable volume growth. However, there is constant pressure from rising labor costs and Yuan appreciation.

“The core footwear manufacturing business has remained stable in the first five months of FY2007. The Group will continue to invest in China retail operations by expanding the distribution network and has invested in a couple of projects over the last quarter,” said Mr. Tsai Chi Neng, Chairman of the Group.

Total Turnover by Product Category

Three months ended 31st Dec	2006		2005		<i>y-o-y % change</i>
	<i>US\$ millions</i>	%	<i>US\$ millions</i>	%	
Athletic Shoes	556.4	57.9	521.5	59.4	6.7
Casual/Outdoor Shoes	167.5	17.5	151.8	17.3	10.3
Sports Sandals	18.5	1.9	20.0	2.3	(7.5)
Soles & Components	126.5	13.2	106.2	12.1	19.1
Retail Sales - Shoes & Apparel	82.0	8.5	65.1	7.4	26.0
Others	9.4	1.0	13.4	1.5	(29.9)
Total Turnover	960.3	100.0	878.0	100.0	9.4



Yue Yuen Industrial (Holdings) Limited

Total Turnover by Geographical Market

Three months ended 31st Dec	2006		2005		y-o-y
	<i>US\$ millions</i>	%	<i>US\$ millions</i>	%	<i>% change</i>
U.S.A.	335.4	34.9	318.8	36.3	5.2
Canada	19.7	2.1	20.5	2.3	(3.9)
Europe	255.3	26.6	254.1	28.9	0.5
South America	26.1	2.7	19.9	2.3	31.2
Asia	290.9	30.3	237.4	27.1	22.5
Other Areas	32.9	3.4	27.3	3.1	20.5
Total Turnover	960.3	100.0	878.0	100.0	9.4

Yue Yuen Industrial (Holdings) Ltd.

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Consolidated Income Statement

For the three months ended 31st December, 2006

	For the three months ended 31 December,	
	2006 (Unaudited) US\$'000	2005 (Unaudited) US\$'000
Turnover	960,327	877,994
Cost of sales	<u>(743,846)</u>	<u>(675,830)</u>
Gross profit	216,481	202,164
Other income	37,187	32,314
Selling and distribution expenses	(38,931)	(35,095)
Administrative expenses	(77,014)	(71,680)
Other expenses	(42,351)	(43,017)
Net loss on derivative financial instruments	(239)	-----
Finance costs	(11,685)	(8,131)
Share of results of associates	5,450	4,751
Share of results of jointly controlled entities	<u>6,901</u>	<u>9,845</u>
Profit before taxation	95,799	91,151
Income tax expense	<u>(2,504)</u>	<u>(2,632)</u>
Profit for the period	<u>93,295</u>	<u>88,519</u>
Attributable to:		
Equity holders of the Company	92,424	85,875
Minority interests	<u>871</u>	<u>2,644</u>
	<u>93,295</u>	<u>88,519</u>