



PRESS RELEASE

Yue Yuen Announces FY2008 Nine-Month Results

Asia region leads the way forward

(Hong Kong, 25 September 2008) – Yue Yuen Industrial (Holdings) Limited (“the Group”, stock code: 551) today announced its unaudited consolidated results for the nine months ended 30th June, 2008. Total turnover rose year on year by 20.6% to approximately US\$ 3,638.6 million and profit attributable to equity holders of the Company increased year on year by 55.6% to approximately US\$ 438.0 million, respectively. Excluding the fair value changes and the gain on disposal, the recurring profit attributable to equity holders increased by 13.3% to US\$ 311.6 million. The fair value changes are recognized in accordance with accounting standards arising from the mark-to-market valuations of certain derivative financial instruments. The gain on disposal is a gain recognized in accordance with accounting standards arising from the listing of new shares by Pou Sheng International (Holdings) Limited (“Pou Sheng”) on the Stock Exchange of Hong Kong Ltd. Total footwear production volume for the nine-month period amounted to 195.6 million pairs, an increase of 12.2% compared with the corresponding period last year.

During the period under review, the Asia region led all geographic markets with its high rate of revenue growth. Within Asia, the Greater China region was the principal revenue growth driver. Footwear manufacturing operations have continued to benefit from the economies of scale derived from sustained annual volume growth. The consolidation in the footwear manufacturing capacity triggered by the macro environment should continue to help drive volume growth for the Company.

Total Turnover by Product Category

Nine months ended 30th June	2008		2007		<i>y-o-y % change</i>
	<i>US\$ millions</i>	%	<i>US\$ millions</i>	%	
Athletic Shoes	2,102.1	57.8	1,756.3	58.2	19.7
Casual/Outdoor Shoes	509.0	14.0	511.8	17.0	(0.6)
Sports Sandals	50.0	1.4	55.2	1.8	(9.5)
Soles, Components & Others	385.8	10.6	358.5	11.9	7.6
Retail Sales - Shoes & Apparel	591.7	16.2	335.6	11.1	76.3
Total Turnover	3,638.6	100.0	3,017.4	100.0	20.6



Total Turnover by Geographical Market

Nine months ended 30th June	2008		2007		y-o-y % change
	<i>US\$ millions</i>	%	<i>US\$ millions</i>	%	
U.S.A.	1,120.3	30.8	1,059.5	35.1	5.7
Canada	59.7	1.6	54.9	1.8	8.7
Europe	914.4	25.1	770.6	25.5	18.7
South America	109.6	3.0	87.5	2.9	25.4
Asia	1,343.3	37.0	964.1	32.0	39.3
Other Areas	91.3	2.5	80.8	2.7	12.9
Total Turnover	3,638.6	100.0	3,017.4	100.0	20.6

Looking Forward

In July and August of 2008, the aggregate sales amounted to approximately US\$ 866.5 million, which represented an increase of 21.3% year on year. This year on year revenue growth for the combined months of July and August of 2008, is underpinned by the consistent growth in the footwear manufacturing businesses as well as the robust growth opportunities in the Chinese wholesale and retail operations. Our retail network in China will concentrate on maximizing operating efficiency. Footwear manufacturing capacity will continue to expand at a measured pace.

Mr. Tsai Chi Neng, Chairman of the Group, said: “We have spun off our subsidiary containing the high growth retail operations under Pou Sheng. Yue Yuen’s core business will still be footwear manufacturing. We will continue to strengthen our relationships with our international brand customers. Our attention will be devoted to enhancing our production management control system and improving our level of efficiency in our operations.”

Yue Yuen Industrial (Holdings) Ltd.

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Consolidated Income Statement

For the nine months ended 30th June, 2008

	For the nine months ended 30th June,	
	2008 (Unaudited) US\$'000	2007 (Unaudited) US\$'000
Turnover	3,638,591	3,017,411
Cost of sales	<u>(2,760,549)</u>	<u>(2,332,165)</u>
Gross profit	878,042	685,246
Other income	132,792	97,628
Selling and distribution expenses	(246,819)	(131,723)
Administrative expenses	(285,861)	(239,697)
Other expenses	(133,245)	(106,248)
<i>Fair value changes on derivative fin. instruments</i>	4,007	6,568
<i>Gain on disposal of partial interest</i>	122,479	-----
Finance costs	(50,696)	(37,137)
Share of results of associates	29,094	17,902
Share of results of jointly controlled entities	<u>16,432</u>	<u>10,032</u>
Profit before taxation	466,225	302,571
Income tax expense	<u>(13,239)</u>	<u>(12,583)</u>
Profit for the period	<u>452,986</u>	<u>289,988</u>
Profit attributable to:		
Equity holders of the Company	438,057	281,517
Minority interests	<u>14,929</u>	<u>8,471</u>
	<u>452,986</u>	<u>289,988</u>