



PRESS RELEASE

Yue Yuen Announces FY2007 Nine-Month Results

Accelerating Growth in China Retail Operations

(Hong Kong, 28 September 2007) – Yue Yuen Industrial (Holdings) Limited (“the Group”, stock code: 551) today announced its unaudited consolidated results for the nine months ended 30th June, 2007. Total turnover rose year on year by 10.2% to approximately US\$3,017.4 million and profit attributable to equity holders of the Company increased year on year by 5.7% to approximately US\$281.5 million, respectively. Total footwear production volume for the nine-month period amounted to 174.3 million pairs, an increase of 15.6% compared with the corresponding period last year.

During the period under review, the revenue growth of the Great China wholesale and retail operations accelerated in light of surging domestic consumption for sporting goods. The footwear manufacturing operations also performed well, thanks to sustained volume growth. The overall operating environment has been challenging due to rise in material prices and labor costs. However, with the support of our customers and the improvement in production efficiency, we believe there will be opportunity to further grow our footwear manufacturing businesses.

Total Turnover by Product Category

| Nine months ended 30th June | 2007 | | 2006 | | y-o-y % change |
|--------------------------------|----------------|--------------|----------------|--------------|-------------------|
| | US\$ millions | % | US\$ millions | % | |
| Athletic Shoes | 1,756.3 | 58.2 | 1,621.1 | 59.2 | 8.3 |
| Casual/Outdoor Shoes | 511.8 | 17.0 | 463.4 | 16.9 | 10.4 |
| Sports Sandals | 55.2 | 1.8 | 40.3 | 1.5 | 37.0 |
| Soles & Components | 351.3 | 11.6 | 355.4 | 13.0 | (1.2) |
| Retail Sales - Shoes & Apparel | 311.0 | 10.3 | 217.9 | 7.9 | 42.7 |
| Others | 31.8 | 1.1 | 41.2 | 1.5 | (22.8) |
| Total Turnover | 3,017.4 | 100.0 | 2,739.3 | 100.0 | 10.2 |

Total Turnover by Geographical Market

| Nine months ended 30th June | 2007 | | 2006 | | y-o-y % change |
|-----------------------------|----------------|--------------|----------------|--------------|-------------------|
| | US\$ millions | % | US\$ millions | % | |
| U.S.A. | 1,059.5 | 35.1 | 1,025.7 | 37.5 | 3.3 |
| Canada | 54.9 | 1.8 | 55.3 | 2.0 | (0.7) |
| Europe | 770.6 | 25.5 | 721.2 | 26.3 | 6.8 |
| South America | 87.5 | 2.9 | 65.4 | 2.4 | 33.8 |
| Asia | 964.1 | 32.0 | 795.5 | 29.0 | 21.2 |
| Other Areas | 80.8 | 2.7 | 76.2 | 2.8 | 6.0 |
| Total Turnover | 3,017.4 | 100.0 | 2,739.3 | 100.0 | 10.2 |



Looking Forward

In July and August of 2007, the aggregate sales amounted to approximately US\$714.4 million, which represented an increase of 16.0% year on year. The improving year on year revenue growth rate in July and August of 2007 reflected our solid position in footwear manufacturing businesses and the soaring contributions from China wholesale and retail operations. We will continue to expand our retail network in China through organic growth and acquisitions. Also, our footwear manufacturing capacity expansion is on schedule.

Mr. Tsai Chi Neng, Chairman of the Group, said: “We have allocated more resources in China retail operations which will underpin our long term growth in the promising China domestic consumption market.”

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Consolidated Income Statement

For the nine months ended 30th June, 2007

| | For the nine months ended 30th June, | |
|--|---|---------------------------------|
| | 2007 (Unaudited) US\$'000 | 2006 (Unaudited) US\$'000 |
| Turnover | 3,017,411 | 2,739,284 |
| Cost of sales | <u>(2,332,165)</u> | <u>(2,108,690)</u> |
| Gross profit | 685,246 | 630,594 |
| Other income | 121,678 | 102,593 |
| Selling and distribution expenses | (131,723) | (109,849) |
| Administrative expenses | (239,697) | (228,755) |
| Other expenses | (130,298) | (131,440) |
| Net gain on derivative financial instruments and convertible bonds | 6,568 | 8,762 |
| Impairment loss on amount due from an associate | ----- | (2,600) |
| Finance costs | (37,137) | (29,612) |
| Share of results of associates | 17,902 | 21,265 |
| Share of results of jointly controlled entities | <u>10,032</u> | <u>19,865</u> |
| Profit before taxation | 302,571 | 280,823 |
| Income tax expense | <u>(12,583)</u> | <u>(9,126)</u> |
| Profit for the period | <u>289,988</u> | <u>271,697</u> |
| Attributable to: | | |
| Equity holders of the Company | 281,517 | 266,297 |
| Minority interests | <u>8,471</u> | <u>5,400</u> |
| | <u>289,988</u> | <u>271,697</u> |