



PRESS RELEASE

Yue Yuen Announces FY2009 Nine-Month Results

Stability in Challenging Times

(Hong Kong, 30 September 2009) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”, stock code: 551) today announced its unaudited consolidated results for the nine months ended 30th June, 2009. Total turnover rose year on year by 4.8% to approximately US\$ 3,813.8 million and profit attributable to equity holders of the Company decreased year on year by 17.2% to approximately US\$ 362.8 million, respectively. Excluding non-recurring items, such as the fair value changes and last year’s gain on deemed disposal of subsidiaries, recurring profit attributable to equity holders increased by 9.5% to US\$ 341.2 million. The fair value changes were recognized in accordance with accounting standards arising from the mark-to-market valuations of certain derivative financial instruments. The gain on deemed disposal of subsidiaries was recognized on the spin-off of Pou Sheng International (Holdings) Limited in June last year. Total footwear production volume for the nine-month period amounted to 193.1 million pairs, a decrease of 1.3% compared with the corresponding period last year.

During the period under review, the global economy was weak and consumer spending was slower than the same period last year. The Company’s major customers were affected by the lower consumer spending but did not see the dramatic declines in consumption experienced by other consumer product sectors. The Company’s largest geographic market, Asia, continued to exhibit stable sales growth. Sales for the U.S. market still had mild growth. South America the fastest growing market grew by 27.5% year on year. When viewed by product category, the largest category athletic shoes had almost the same level of turnover when compared with last year. Casual Shoes sales were up 12.7% year on year compared to flat growth in financial year 2008. Retail Sales, encompassing both shoes and apparel, grew at a 20.6% compared to earlier years. Since the Company’s customers are market leading brand name companies, management feels the Company can continue to operate with stability during the current global economic weakness.

Total Turnover by Product Category

Nine months ended 30th June	2009		2008		y-o-y % change
	US\$ millions	%	US\$ millions	%	
Athletic Shoes	2,133.7	56.0	2,102.1	57.8	1.5
Casual/Outdoor Shoes	573.5	15.0	509.0	14.0	12.7
Sports Sandals	64.7	1.7	50.0	1.4	29.4
Soles, Components & Others	328.5	8.6	385.8	10.6	(14.9)
Retail Sales - Shoes & Apparel	713.4	18.7	591.7	16.2	20.6
Total Turnover	3,813.8	100.0	3,638.6	100.0	4.8



Total Turnover by Geographical Market

Nine months ended 30th June	2009		2008		<i>y-o-y % change</i>
	<i>US\$ millions</i>	<i>%</i>	<i>US\$ millions</i>	<i>%</i>	
U.S.A.	1,166.5	30.6	1,120.3	30.8	4.1
Europe	909.1	23.8	914.4	25.1	(0.6)
Asia	1,429.5	37.4	1,343.3	37.0	6.4
South America	139.7	3.7	109.6	3.0	27.5
Canada	67.4	1.8	59.7	1.6	12.9
Other Areas	101.6	2.7	91.3	2.5	11.3
Total Turnover	3,813.8	100.0	3,638.6	100.0	4.8

Looking Forward

In July and August of 2009, the aggregate Company sales amounted to approximately US\$ 814.6 million, which represented a decline of 6.0% year on year. This year on year drop in revenue reflects the effects of the current global economic downturn. We will look for ways to further enhance our footwear manufacturing operations so as to provide production flexibility and product quality in accordance with the requirements of our customers. We will also look for ways to manage our costs more effectively. Our retail business in China will continue to focus on increasing operating efficiency by adopting effective key performance indicators.

Mr. Tsai Chi Neng, Chairman of the Group, said: "Going forward, we will concentrate on improving operating efficiency for both the manufacturing and retail businesses. Measures have been taken to strive for greater production innovation and effective budget control. By improving the quality and dependability of our footwear manufacturing business, we will further strengthen our relationships with our brand name footwear customers. We look forward to improving our market position in the global shoe manufacturing business."

Yue Yuen Industrial (Holdings) Ltd.

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Consolidated Income Statement

For the nine months ended 30th June, 2009

	For the nine months ended 30th June,	
	2009 (Unaudited) US\$'000	2008 (Unaudited) US\$'000
Turnover	3,813,828	3,638,591
Cost of sales	<u>(2,829,441)</u>	<u>(2,760,549)</u>
Gross profit	984,387	878,042
Other income	101,357	132,792
Selling and distribution expenses	(291,115)	(246,819)
Administrative expenses	(327,193)	(285,861)
Other expenses	(115,023)	(133,245)
Fair value changes on derivative financial instruments	21,643	4,007
Net gain on deemed disposal of partial interest of subsidiaries	-	122,479
Finance costs	(40,998)	(50,696)
Share of results of associates	28,483	29,094
Share of results of jointly controlled entities	<u>21,557</u>	<u>16,432</u>
Profit before taxation	383,098	466,225
Income tax expense	<u>(14,617)</u>	<u>(13,239)</u>
Profit for the period	<u>368,481</u>	<u>452,986</u>
Attributable to:		
Equity holders of the Company	362,835	438,057
Minority interests	<u>5,646</u>	<u>14,929</u>
	<u>368,481</u>	<u>452,986</u>