



**PRESS RELEASE**

**Yue Yuen Announces Third Quarter Results for 2017**

- Revenue up 6.7% to US\$6,718.0 million, compared to the same period last year
- Gross profit up 9.2% to US\$1,705.3 million compared to the same period last year
- Recurring profit attributable to owners of the Company grew by 4.0% to US\$375.0 million compared to the same period last year
- Non-recurring profit for the period amounted to US\$20.9 million
- Profit attributable to owners of the Company up 4.5% to US\$395.9 million compared to the same period last year

(Hong Kong, November 13, 2017) – **Yue Yuen Industrial (Holdings) Limited** (together with its subsidiaries “the Group”, stock code: 551) today announced its unaudited consolidated results for the nine month period ended September 30, 2017.

The Group recorded revenue of US\$6,718.0 million in the nine months ended September 30, 2017, representing 6.7% growth compared to the revenue of US\$6,293.3 million recorded in the same period in 2016. Profit attributable to owners of the Company increased by 4.5% to US\$395.9 million compared to US\$378.8 million recorded in the same period in 2016.

During the period, a non-recurring profit totaling US\$20.9 million was recognized, of which included US\$8.3 million of gain due to fair value changes on derivative financial instruments as well as US\$9.9 million gain on disposal of associates. Excluding all items of non-recurring in nature, the recurring profit attributable to owners of the Company amounted to US\$375.0 million, representing an increase of 4.0% compared to that in the same period in 2016.

**Business Review**

**Revenue**

Total revenue for footwear manufacturing activity in the period increased by 1.5%, whereas the volume of shoes sold increased by 1.1% to 238.7 million pairs as compared with the same period last year. Both volume and average selling price recorded increase over the period.

**Total Revenue by Product Category**

	2017		2016		% change
	US\$ millions	%	US\$ millions	%	
Athletic Shoes	3,101.9	46.2	3,011.3	47.8	3.0
Casual/Outdoor Shoes	885.2	13.2	917.3	14.6	(3.5)
Sports Sandals	57.7	0.8	66.8	1.1	(13.6)
Retail Sales – shoes, apparel & leasing	2,201.5	32.8	1,843.6	29.3	19.4
Soles, Components & Others	471.7	7.0	454.3	7.2	3.8
<b>Total Revenue</b>	<b>6,718.0</b>	<b>100.0</b>	<b>6,293.3</b>	<b>100.0</b>	<b>6.7</b>



## Yue Yuen Industrial (Holdings) Limited

The Group's retail business, including Pou Sheng and others, grew by 19.4% to US\$2,201.5 million in the nine months period when compared to revenue of US\$1,843.6 million for the same period last year. In RMB terms, Pou Sheng revenue for the first nine months in 2017 increased by 14.1% to RMB 13,883.3 million compared to RMB 12,164.8 million in the same period last year.

### Gross Profit

During the period, the Group's gross profit increased by 9.2% to US\$1,705.3 million. Gross profit for the manufacturing business involving leading international brands was up 3.6% to US\$934.7 million, with a gross profit margin of 20.7% for the period. The improvement was mainly due to operational efficiency improvement as a result of direct labor cost savings. Pou Sheng had a gross profit improvement of 6.3% to US\$701.9 million (or in RMB terms, 10.2% to RMB 4,796.6 million) due to the higher store sales.

### Selling & distribution expenses and administrative expenses

For the Group, selling and distribution expenses for the nine months were US\$705.9 million (2016: US\$590.1 million), equivalent to approximately 10.5% (2016: 9.4%) of revenue. The increase in selling and distribution expenses was mainly attributable to rising staff costs in the retail business. In RMB terms, Pou Sheng's selling and distribution expenses increased 19.5% when compared to the same period last year. Administrative expenses for the period were US\$477.1 million (2016: US\$455.0 million), equivalent to approximately 7.1% (2016: 7.2%) of revenue. The increase in administrative expenses was attributable mainly to salary increase.

### Fair value changes on derivative financial instruments

For the nine months ended September 30, 2017, the Group recorded a gain of US\$8.3 million due to fair value changes on derivative financial instruments, compared to a gain of US\$15.8 million in the same period in 2016.

### Share of results from Associates and Joint Ventures ("Share of A& JV")

During the first nine month period, the share of A&JV posted a combined profit of US\$50.6 million, compared with a combined profit of US\$47.2 million in the same period last year.

Yue Yuen Industrial (Holdings) Limited [www.yueyuen.com](http://www.yueyuen.com)

For investor enquiries Olivia Wang Investor Relations Director Tel: 2370 5122 Fax: 2370 5108 Email: <a href="mailto:olivia.wang@yueyuen.com">olivia.wang@yueyuen.com</a>	For Media enquiries Henry Chow Think Alliance Group Tel: 3798 5323 Fax: 3975 2800 Email: <a href="mailto:yueyuen@think-alliance.com">yueyuen@think-alliance.com</a>
Bruce Chik Investor Relations Associate Director Tel: 2370 5217 Fax: 2370 5108 Email: <a href="mailto:bruce.chik@yueyuen.com">bruce.chik@yueyuen.com</a>	



## Yue Yuen Industrial (Holdings) Limited

### Consolidated Income Statement

For the nine months ended September 30, 2017

	<b>2017</b> <b>(unaudited)</b> <b>9 months</b> US\$'000	<b>2016</b> <b>(unaudited)</b> <b>9 months</b> US\$'000
Revenue	6,718,014	6,293,301
Cost of sales	(5,012,730)	(4,731,134)
Gross profit	1,705,284	1,562,167
<i>(% of revenue)</i>	25.38%	24.82%
Other income	107,095	86,130
Selling and distribution expenses	(705,941)	(590,083)
Administrative expenses	(477,061)	(455,047)
Other expenses	(191,568)	(178,911)
Finance costs	(28,073)	(16,648)
Share of results of associates	36,421	43,226
Share of results of joint ventures	14,185	4,002
Other Gains and Losses	20,346	19,376
Profit before taxation	480,688	474,212
Income tax expense	(59,127)	(57,925)
Profit for the year	421,561	416,287
<i>(% of revenue)</i>	6.28%	6.61%
Attributable to:		
Owners of the Company	395,857	378,771
<i>(% of revenue)</i>	5.89%	6.02%
Non-controlling interests	25,704	37,516
	<u>421,561</u>	<u>416,287</u>