



PRESS RELEASE

[For Immediate Release]

Private Placement By The Tsai Family And Certain Directors Of Yue Yuen To Increase Public Free Float

(May 7, 2003, HONG KONG) – Yue Yuen Industrial (Holdings) Limited (“Yue Yuen” or “The Group”; SEHK: 551), the world's largest branded footwear manufacturer, is pleased to announce that a total of 40,000,000 existing Yue Yuen shares have been sold to institutional and professional investors to further enhance the public free float.

Under the arrangement, the Tsai Family, a substantial shareholder through Quicksilver Profits Limited, and certain Directors of Yue Yuen have reduced their shareholding through a private placement arranged by Credit Suisse First Boston (Hong Kong) Limited to institutional and professional investors. The placement of 40,000,000 shares or approximately 2.5% of the existing issued shares of Yue Yuen, was made to the investors at HK\$15.40 per share, representing a 4.0% discount to the closing price of HK\$16.05 per share on May 6, 2003.

The placement reduces the percentage of Yue Yuen owned by persons who do not constitute the public from 74.2% to 71.7% and increased the public float to 28.3%.

When asked about the private shares placement, Mr. Edward Ku, Executive Director and General Counsel of the Group, said, “The Management has noticed the constant demands of Yue Yuen shares from the market and thus expressed its intention and efforts in enhancing public free float of Yue Yuen. The Tsai Family’s reduction in shares has helped increase the percentage of public float, as advised by the Management. We are pleased that Yue Yuen’s shares are well received by investors through this placement.”

Yue Yuen Industrial (Holdings) Limited is the largest branded footwear manufacturer in the world, with approximately 16% market share in all of branded athletic and casual/outdoor footwear. The Group is an original equipment manufacturer / original design manufacturer (“OEM / ODM”) for major international brand name companies such as Nike, Adidas, Reebok, Asics, New Balance, Timberland and Rockport. Yue Yuen also produces footwear components for sale to other manufacturers.

In 1988 Yue Yuen was incorporated by the Tsai Family and has been listed on The Stock Exchange of Hong Kong Limited since 1992.

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