



**PRESS RELEASE**

**Yue Yuen Industrial (Holdings) Limited Launched and Priced a  
US\$300 Million Zero Coupon Convertible Bonds Due 2008**

(Hong Kong, November 14, 2003) – **Yue Yuen Industrial (Holdings) Limited** (HKSE: 551.HK), today announced the pricing of US\$300 million aggregate principal amount of Zero Coupon Convertible Bonds due 2008 (the “Bonds”), arranged by Credit Suisse First Boston (the “CSFB”). The sale of the Bonds is expected to close by mid-December 2003. CSFB has an option to purchase up to an additional US\$50 million in aggregate principal amount of the notes.

The Bonds will not bear interest, have a yield to put of –0.25% on a semi-annual basis and will be convertible, subject to certain conditions, into Yue Yuen's ordinary shares at a conversion price of approximately HK\$27.33 per ordinary share, subject to certain antidilution adjustments. This conversion price represents a 28% conversion premium based on the closing price of HK\$21.35 on The Stock Exchange of Hong Kong on November 13, 2003. The Bonds were issued to international institutional investors pursuant to Regulation S and will be listed on the Luxembourg Stock Exchange.

The Company has been undergoing an expansion strategy to build on its existing core business of footwear manufacturing and related businesses. The Company's turnover and net income for the 9 months ended June 30, 2003 increased 32.6% and 37.9% as compared to the same period ended June 30, 2002, respectively. Over the past 12 months, Yue Yuen has entered into a number of joint ventures and made acquisitions in line with its vertical and horizontal expansion strategy.

In July, Yue Yuen invested in a joint venture company called Hua Jian Industrial Holdings, which is an OEM / ODM for ladies' shoes. The joint venture enables Yue Yuen to expand its manufacturing horizontally into ladies' shoes.

Similarly in April, Yue Yuen acquired a 73% equity interest in Pro Kingtex, a casual wear and sportswear manufacturer, which makes clothing for American brands such as The North Face, Columbia and Lands'end. The acquisition is a stepping-stone into the sports apparel manufacturing segment to expand the Company's product category and broaden its revenue base. The shareholding has since increased to 91%.

Last year, Yue Yuen also acquired 67 companies, engaging in manufacturing raw materials, production tools and shoes components, from its parent Pou Chen Corporation in a discloseable connected transaction, completed in November 2002. The acquisition provided an important platform for the Company's further growth and reduced connected transactions enhancing corporate transparency.

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## Yue Yuen Industrial (Holdings) Limited

“Yue Yuen is consistently looking for expansion and acquisition opportunities that fit the Company’s profile and corporate growth strategy”, in a statement by Edward Ku, Yue Yuen’s Executive Director and General Counsel. “The recent capital raising provides the Company with strong financial position to ensure adequate flexibility to repay existing debt and finance expansion and acquisition programs.”

The success of the transaction has helped Yue Yuen establish a benchmark in the international capital markets.

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*Yue Yuen Industrial (Holdings) Limited is the largest branded footwear manufacturer in the world, with approximately 17% 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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*This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.*

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