



## **COMPANY UPDATE**

### **Yue Yuen is committed to focus on its core footwear businesses**

#### ***Disposal of Pou Chen shares***

(Hong Kong, 4 January 2004) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”) has disposed of approximately 44.8 millions shares of Pou Chen Corporation (“Pou Chen”) on the open market on the Taiwan Stock Exchange. The Group will realize a gain of approximately US\$23 million through the disposal.

Pou Chen is the major shareholder of Yue Yuen and has maintained a close business contact with Yue Yuen in raw material sourcing and the upstream businesses. The acquisition of shares in Pou Chen was originally for the purpose of securing a better raw material supplies. However, it is the Group’s strategy to improve corporate transparency and reduce connected transactions.

To follow this strategy, the Group had acquired 67 companies from Pou Chen, which were mainly engaged in upstream businesses in November 2002. Vertical integration into the upstream businesses has greatly enhanced the Group’s production efficiency and further reduced connected transactions with Pou Chen. The Group therefore, considers this is the appropriate time to liquidate the entire strategic shares investment portfolio in Pou Chen and realizes gains from the disposal.

It is also an on-going strategy for the Group to dispose of non-core assets and deplore the resources into the core footwear and apparel related manufacturing businesses. Disposal of shares investment portfolio is a demonstration of the Group’s commitment to this strategy. The divestment will reinforce the Group’s focus and further improve its asset utilization. The Group will continue to maintain its market leading position in the core footwear manufacturing operations maximising shareholders’ value and returns.

**Yue Yuen Industrial (Holdings) Ltd.**

[www.yueyuen.com](http://www.yueyuen.com)

Terry Ip

Investor Relations Director

Tel: 2370 6421

Fax: 2370 3547

E-mail: [terry.ip@yueyuen.com](mailto:terry.ip@yueyuen.com)