



PRESS RELEASE

Yue Yuen invests in sports accessories manufacturing

(Sports bags, Luggage and travel accessories)

Horizontal expansion to strengthen the supply chain services to customers

(Hong Kong, 24 May 2004) – **Yue Yuen Industrial (Holdings) Limited** (“the Group”) expands its investment into sports accessories manufacturing strengthening its position as a full fledge supply chain solution provider for the customers. Following the investment into sports apparel manufacturing last year, the venture into sports accessories manufacturing will further expand the scope of the Group’s supply chain services in matching with the key product categories of its customers.

The Group is expanding horizontally to OEM/ODM manufacturing of sports bags, luggage and travel accessories with the acquisition of a 30% stake in a company called Prosperous Industrial (Holdings) Limited. (PIHL) for US\$20 million with the option for the Group to acquire an additional 10% stake in PIHL.

The PIHL group has been engaged in the manufacturing of sports bags for over thirty years with main office in Taiwan and production base in China. The turnover of PIHL reached US\$64.6 million in 2003. PIHL’s products are mainly for export to U.S, European Union and Australia with customers including adidas, Jansport, Timberland, Eastpak and Wal-Mart.

Mr. Edward Ku, Executive Director for the Group said: “The acquisition of a strategic stake in PIHL is an integrated part of the Group’s growth strategy in the sports apparel and accessories manufacturing sector through value enhancing mergers and acquisitions. The Group will actively participate in and contribute to the newly invested company through its expertise in production management and logistics operation as well as its well-established customer connections.”

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