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[For Immediate Release]

## **Yue Yuen and Luen Thai Form Strategic Alliance to Develop Sports and Active Wear Supply Chain Business**

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### **Combine the Excellence of Both to Jointly Explore the Growing Global Market**

[June 20, 2004, Hong Kong] – Two industry giants, Yue Yuen Industrial (Holdings) Limited ("Yue Yuen", stock code: 551) and Luen Thai Holdings Limited ("Luen Thai"), announced today that they have formed a strategic alliance with the objective to tap on and explore into the promising sports apparel market.

The joint venture, namely, Yuen Thai Industrial Co. Ltd ("Yuen Thai" or "The Company"), which is 50% owned by Yue Yuen and Luen Thai respectively, will focus on the development of sports apparel in the global market. While Yue Yuen, the world's largest branded athletic footwear manufacturer, will leverage its close contacts with international sports brands to expand its brand services to the apparel category. Luen Thai, a supply chain services provider for the apparel sector, will leverage its manufacturing and supply chain platform to sports apparel market.

At the commencement of the joint venture, Yuen Thai will serve the apparel supply chain for the international sports brands. The Company will engage in design, product development, manufacture as well as information technology and logistics management. Yuen Thai targets to become one of the largest apparel suppliers in this sector within the next few years.

Commenting on the formation of Yuen Thai, Mr. Edward Ku, Executive Director of Yue Yuen, said, "We are most honored to have such opportunity to collaborate with Luen Thai, the world's leading apparel supply chain services provider. The collaboration once again reinforces our strategy of expanding our product range and market share into apparel regime. With our long history and understanding in working with our customers and manufacturing and supply chain expertise in the apparel regime offered by Luen Thai, we are confident in providing the best service to our customers."

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Henry Tan, CEO of Luen Thai, said, "With Luen Thai's over twenty years of experience in the apparel fashion industry and Yue Yuen's expertise in the footwear manufacturing sector, Luen Thai has the conviction to step forward to the sports and active wear regime where it has been previously less attended in. Through Luen Thai's fashion design and product development capability, Yue Yuen adds fashion element into the traditional sports-active wear business. The joint venture is in line with our overall expansion strategy of developing multi-product capabilities in the apparel sector."

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**Corporate Background:**

**Yue Yuen Industrial (Holdings) Limited**

The Group was incorporated by the Tsai family in 1988 and has been listed on The Stock Exchange of Hong Kong Limited since 1992. The Group is the largest branded footwear manufacturer in the world, with approximately 17% market share in all of the branded athletic and casual/outdoor footwear. The Group is an 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.

**Luen Thai Holdings Limited**

Luen Thai Holdings Limited is a apparel supply chain services provider of the most prestigious fashion brands. Through its Design-to-store model, Luen Thai works in partnership with its customers to provide quality products in different fashion categories and value-added services throughout the supply chain including design, product development, manufacturing, logistics and information technology. Luen Thai attracts a reputable clientele such as Polo Ralph Lauren, Liz Claiborne, Limited, Express, Victoria's Secret, Fast Retailing, Dillard's and Debenhams. It has over 16,000 employees spanning across Hong Kong, China, USA, United Kingdom, the Philippines, Saipan and Cambodia.

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