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[For Immediate Release]



**Yue Yuen Industrial**



## **Yue Yuen Plans to Acquire 9.9% Interest in Luen Thai**

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An initiative to further fortify the long-term partnership for developing the promising international sports apparel market

[29 June, 2004, Hong Kong] – **Yue Yuen Industrial (Holdings) Limited** ("Yue Yuen", stock code: 551) and **Luen Thai Holdings Limited** ("Luen Thai"), jointly announced that Yue Yuen plans to become a strategic shareholder of Luen Thai by acquiring the new shares to be issued in Luen Thai's Global Offering exercise ("share acquisition"). Upon completion of the share acquisition and the Global offering, Yue Yuen will hold approximately 9.9% of the enlarged issue share capital of Luen Thai.

The price of the investment is subject to the issue price of Luen Thai's new shares. The share acquisition will further strengthen the partnership between the two companies and establish a solid base for both parties to jointly tap into the global arena.

Prior to the share acquisition, Yue Yuen and Luen Thai have formed the joint venture, Yuen Thai Industrial Co. Ltd ("Yuen Thai"), to explore the promising sports apparel market. The strategic investment further demonstrated Yue Yuen's dedication to this business market, as well as its full confidence and commitment in establishing an amicable and long-term partnership with Luen Thai.

Commenting on its investment, Mr. Edward Ku, Executive Director of Yue Yuen, said, "We are delighted to further solidify our relationship with Luen Thai, one of the key participants as an apparel supply chain services provider in the global apparel market. The strategic investment, together with the setting up of Yuen Thai, marks an important milestone of our collaboration with Luen Thai. With its apparel supply chain expertise, Luen Thai is our ideal business partner in further enhancing our product portfolio and excelling in the international apparel market."

Mr. Henry Tan, CEO of Luen Thai, concluded, "We are most honored to collaborate with the world's largest branded footwear manufacturer, Yue Yuen. Capitalizing on the strong support and the extensive business network of Yue Yuen, Luen Thai is aiming to extend its sports and active wear business. Luen Thai looks forward to cultivating our long-term relationship with Yue Yuen and exerting tremendous effort in achieving our shared mission of becoming the global market leader.

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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 certain 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 and Dillard's. It has over 17,180 employees spanning across Hong Kong, China, USA, United Kingdom, the Philippines, Saipan and Cambodia.

For more information, please contact:

**iPR ASIA LTD**

**[www.ipraisa.com](http://www.ipraisa.com)**

Queenie Tsao/ Gary Li/ Natalie Tam/ Ellen Zee

Tel: 2136 6185

Fax: 2136 6068

e-mail: [garyl@iprasia.com](mailto:garyl@iprasia.com).hk