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## **YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED**

**裕元工業（集團）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00551)**

### **INSIDE INFORMATION PROFIT WARNING**

This announcement is made by Yue Yuen Industrial (Holdings) Limited (the “**Company**”), and together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated financial statements of the Group for the three months ended March 31, 2023 (the “**Period**”), the Group is expected to record a decrease of 40% to 45% in profit attributable to owners of the Company (the “**Profit**”) for the Period as compared to the Profit of US\$88.6 million for the corresponding three-month period in 2022.

Based on the information currently available to the Group, the aforesaid decrease in the Profit was mainly attributable to:

1. Decline in manufacturing business revenue: the revenue generated from manufacturing business decreased by approximately 18% as compared with the corresponding period of last year, led by softer global demand for footwear amid relatively high inventory levels across the industry; and
2. Operating deleverage within the manufacturing business: weak order book impacted the capacity utilization rate and operating efficiency of the manufacturing business, resulting in operating deleverage and thereby affecting its profitability.

\* For identification purpose only

Current macroeconomic headwinds and high inventory levels across the industry will continue to weigh on order visibility and global demand for footwear in the near term. The Group will continue to proactively monitor the situation, dynamically allocate its manufacturing capacity to balance demand, its order pipeline, and labor supply. The Group will also focus on cost control and cash flow management to ensure the healthiness of its liquidity and financial position.

The Company is in the process of preparing the unaudited consolidated quarterly results of the Group for the Period. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the consolidated financial statements of the Group for the Period currently available which have not been audited nor reviewed by the auditor of the Company. Details of the financial information of the Group will be disclosed in the announcement of the unaudited consolidated results for the Period to be announced on May 10, 2023.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Yue Yuen Industrial (Holdings) Limited**  
**Lu Chin Chu**  
*Chairman*

Hong Kong, April 28, 2023

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors:*

*Mr. Lu Chin Chu (Chairman), Ms. Tsai Pei Chun, Patty (Managing Director), Mr. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Liu George Hong-Chih and Mr. Shih Chih-Hung (Chief Financial Officer).*

*Independent Non-executive Directors:*

*Mr. Wong Hak Kun, Mr. Ho Lai Hong, Mr. Lin Shei-Yuan and Mr. Chen Chia-Shen.*

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