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
POSITIVE PROFIT ALERT
AND
TAX DISPUTES

Positive Profit Alert

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 shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the unaudited consolidated financial statements of the Group for the year ended December 31, 2024 (the "**Year**"), the Group is expected to record an increase of 55% to 60% (the "**Profit Increase**") in its profit attributable to owners of the Company (the "**Profit**") for the Year as compared to the Profit of US$274.7 million for the corresponding period in 2023.

Based on the information currently available to the Group, the increase in Profit was mainly attributable to a substantial rise in brand customers' demand for the footwear products of the Group's manufacturing business, driven by the normalization of the global footwear market. This, coupled with strong order fulfilment and significant improvement in capacity utilization rate and production efficiency, has led to a solid growth in both gross profit and operating profit of the Group's manufacturing business. However, having considered the Tax Disputes (as defined below), the above favourable factors may be partially offset which may lead to a reduction in the Profit Increase (as detailed below).

Tax disputes relating to subsidiaries of the Company in Indonesia ("Tax Disputes")

The Indonesian Tax Bureau had made adjustments to the net profits for the tax period of year 2017 on two subsidiaries of the Company in Indonesia (the "**Subsidiary(ies)**") respectively and claimed for additional taxes together with interest and penalties incurred by such taxes (the "**Disputed Taxes**"). The Disputed Taxes of the aforesaid two Subsidiaries amounted to US$79.0 million and US$30.0 million, respectively, and during the Year, they had provisionally paid approximately US$75.7 million and US$13.0 million, respectively. As stated in note 5 to the condensed consolidated financial

*For identification purpose only

statements for the six months ended June 30, 2024 contained in the 2024 interim report of the Company, the Company has provided sufficient grounds to defend against the above Tax Disputes. One of the Subsidiaries lodged an appeal to the Supreme Court of the Republic of Indonesia (the "**Supreme Court**") on July 29, 2024. No ruling has been made by the Supreme Court as at the date of this announcement. The other Subsidiary intended to lodge an appeal to the Supreme Court in late February 2025. It is expected that the process of the appeal may take around one to two years.

The Company is of the view that as the Subsidiaries had fully paid the income tax for the tax period of year 2017 in accordance with applicable legal requirements and the Subsidiaries should not be liable for the amount of the Disputed Taxes, it is expected that the aforesaid amount provisionally paid will be recovered by the Subsidiaries after the Tax Disputes are resolved. Nevertheless, having considered the actual appeal process, or that the time to have the aforesaid provisionally paid amount returned from the Indonesian Tax Bureau after the appeal succeeds may be different from the Company's estimation, or effects of any change in facts or circumstances, the Company is assessing the extent of the impact of the Tax Disputes on the results for the Year based on the Group's accounting principles. If, after assessment, it is reckoned that an additional income tax expense should be recognized in the Group's consolidated financial statements for the Year, it is expected to have a 5% to 10% adverse impact on the amount of the Profit.

The Company will keep the Shareholders and potential investors informed of any further material development as and when appropriate according to the Listing Rules.

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated financial statements of the Group for the Year currently available which have not been audited or reviewed by the external auditor of the Company nor reviewed by the audit committee of the Company. As the Company is in the process of finalizing the consolidated results of the Group for the Year, the actual results may be adjusted upon further review, and may be different from the information contained in this announcement. Shareholders and potential investors are advised to refer to the audited consolidated results announcement of the Group for the Year, which is expected to be announced on March 11, 2025.

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, February 11, 2025

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 Dr. Yang Ju-Huei.

Website: www.yueyuen.com