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 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 three months ended March 31, 2025 (the "**Period**"), the Group is expected to record a decrease of not more than 25% in its profit attributable to owners of the Company (the "**Profit**") for the Period as compared to the Profit of US$100 million for the corresponding period in 2024.

Based on the information currently available to the Group, the aforesaid level of decrease in the Profit was mainly attributable to the negative impact on the gross profit margin due to an increase in unit costs for footwear manufacturing, amid a volatile operating environment led by a complex and dynamic global economic landscape:

1. Reduced production efficiency: uneven production leveling across various manufacturing plants, coupled with that the pace of the ramp-up of new production lines and the new upper processing factory did not perform as expected, has resulted in lower production efficiency which fell short of the set targets. This situation has made it difficult to reduce the reliance on overtime and other associated costs as initially intended; and

2. Increased labor costs: the number of employees in the manufacturing business has increased by a high single-digit percentage year-on-year. This growth, combined with rising wages across various regions, has driven up labor costs. However, the production efficiency did not meet expectations thereby leading to an inability to alleviate the pressure of labor costs.

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 Period 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 unaudited consolidated results of the Group for the Period, the actual results may be adjusted upon further review, and may be different from the information contained in this announcement. Shareholders

**For identification purpose only*

and potential investors are advised to refer to the unaudited consolidated results announcement of the Group for the Period, which will be announced on May 12, 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, April 17, 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