YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED
裕元工業（集團）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00551)

UNAUDITED CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

Summary

The Directors of Yue Yuen Industrial (Holdings) Limited announce the unaudited consolidated results of the Group for the nine months ended September 30, 2025. This announcement is made as part of the Company's current practice to publish its financial results quarterly and pursuant to paragraph 13.09(2) of the Listing Rules and Part XIVA of the SFO.

The unaudited consolidated profit attributable to owners of the Company for the nine months ended September 30, 2025 was approximately US$278.7 million.

The directors (the "Directors") of Yue Yuen Industrial (Holdings) Limited ("the Company") are making this announcement of the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended September 30, 2025 in line with its current practice to publish the Group's financial results quarterly and pursuant to paragraph 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the nine months ended September 30, 2025

	For the nine months ended September 30,	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Revenue	**6,017,405**	6,075,307
Cost of sales	**(4,645,962)**	(4,602,987)
Gross profit	**1,371,443**	1,472,320
Other income	**79,164**	88,642
Selling and distribution expenses	**(579,360)**	(624,157)
Administrative expenses	**(425,238)**	(416,144)
Other expenses	**(121,787)**	(118,784)
Finance costs	**(39,605)**	(48,233)
Share of results of associates	**42,323**	40,575
Share of results of joint ventures	**13,419**	17,838
Other gains and losses	**16,708**	26,449
Profit before taxation	**357,067**	438,506
Income tax expense	**(66,748)**	(84,405)
Profit for the period	**290,319**	354,101
Attributable to:		
Owners of the Company	**278,717**	331,658
Non-controlling interests	**11,602**	22,443
	290,319	354,101

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2025

	For the nine months ended September 30,	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Profit for the period	**290,319**	354,101
Other comprehensive income (expense)		
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity instruments at fair value through other comprehensive income	**(3,739)**	5,536
Share of other comprehensive (expense) income of associates	**(2,875)**	159
	(6,614)	5,695
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on the translation of foreign operations	**36,918**	20,997
Share of other comprehensive income (expense) of associates and joint ventures	**2,083**	(731)
Reserve release upon partial disposal of associates	**509**	1,510
Reserve release upon deemed disposal of an associate	**–**	316
	39,510	22,092
Other comprehensive income for the period	**32,896**	27,787
Total comprehensive income for the period	**323,215**	381,888
Total comprehensive income for the period attributable to:		
Owners of the Company	**297,341**	350,951
Non-controlling interests	**25,874**	30,937
	323,215	381,888

Basis of preparation and principal accounting policies

The Group's unaudited consolidated results for the nine months ended September 30, 2025 have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amount or fair values as appropriate.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the Group's unaudited consolidated results for the nine months ended September 30, 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2024.

In the current period, the Group has applied, for the first time, amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are mandatorily effective for the annual period beginning on or after January 1, 2025 for the preparation of the Group's unaudited consolidated results for the nine months ended September 30, 2025. The adoption of the amendments to HKFRS Accounting Standards does not have material impact on the Group's unaudited consolidated results and financial positions for the current or prior periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the third quarter of 2025, the Group's manufacturing business demonstrated its operational resilience, delivering a quarter-on-quarter increase in profitability, despite being the low season. Global consumer sentiment exhibited solid momentum during the quarter, with back-to-school sales in the U.S. market exceeding expectations. However, the operating environment remained challenging with new tariff policies and geopolitical tensions continuing to create uncertainties. Amid this complex and dynamic global economic landscape, brand customers are adopting more conservative procurement strategies. This, coupled with a high base effect stemming from the Group's exceptionally strong performance in the third quarter of 2024, led to a year-on-year decline in shipment volumes. Notwithstanding the adverse impact associated with reciprocal tariffs, the Group's premium order mix continued to elevate the Group's average selling price in the third quarter, partially offsetting the adverse effect from reduced shipment volumes on footwear manufacturing revenue.

For the nine months ended September 30, 2025 (the "Period"), order fulfilment and capacity utilization rates at certain factories deviated significantly from average, resulting in uneven production leveling, as well as overtime and other inefficient costs. During the Period, the number of employees within the Group's manufacturing business rose by 4.4% year-on-year, while wages rose by a high single-digit percentage across multiple regions, significantly driving up associated labor costs. Together, these factors negatively impacted the short-term profitability of the Group's manufacturing business. Although capacity utilization declined quarter-over-quarter due to the low season in the third quarter, the Group's adherence to demand-driven production planning, coupled with its focus on strengthening capacity allocation agility, contributed to more balanced production scheduling. Combined with efficiency improvements across all regions, these efforts collectively drove a sequential improvement in profit margins in the third quarter.

Meanwhile, the Group's retail subsidiary, Pou Sheng International (Holdings) Limited ("Pou Sheng"), continued to face headwinds from subdued consumer confidence and elevated industry inventory levels, leading to weak foot traffic and aggressive promotional activity. Despite Pou Sheng's sustained efforts in dynamic inventory management, stringent expense controls and organizational adjustments, the decline in sales scale led to operating deleverage. This impact was particularly evident in the third quarter–a softer season for retail–where Pou Sheng's lack of scale became more pronounced. However, Pou Sheng's online sales momentum remained solid as it continued to enhance its omni-channel capabilities in mainland China's highly competitive sportswear e-commerce landscape, partially mitigating the ongoing pressure on its offline channels. For more financial details of the Group's retail business, please refer to the results announcement of Pou Sheng.

Revenue Analysis

The Group recorded revenue of US$6,017.4 million for the Period under review, representing a slight decrease of 1.0% compared to revenue of US$6,075.3 million in the corresponding period of last year.

For the Period under review, the revenue attributable to footwear manufacturing activity (including athletic/outdoor shoes, casual shoes and sports sandals) increased by 4.6% to US$3,956.1 million, compared with the corresponding period of last year. The volume of shoes shipped during the Period increased by 1.3% to 189.4 million pairs. The average selling price increased by 3.2% to US$20.88 per pair as compared with the corresponding period of last year, which was attributed to a high-quality order mix.

The Group's athletic/outdoor shoes category accounted for 83.6% of footwear manufacturing revenue in the Period under review. Casual shoes and sports sandals accounted for 16.4% of footwear manufacturing revenue. When considering the Group's consolidated revenue, athletic/outdoor shoes represented the Group's principal category, accounting for 55.0% of total revenue, followed by casual shoes and sports sandals, which accounted for 10.8% of total revenue.

The Group's total revenue with respect to the manufacturing business (including footwear, as well as soles, components and others) was US$4,231.7 million for the Period under review, representing an increase of 2.3% as compared to the corresponding period of last year.

For the Period under review, the revenue attributable to Pou Sheng decreased by 7.9% to US$1,785.7 million, compared to US$1,939.8 million in the corresponding period of last year. In RMB terms (Pou Sheng's reporting currency), revenue decreased by 7.7% to RMB12,902.8 million, compared to RMB13,984.2 million in the corresponding period of last year. This decline was mostly attributable to volatile foot traffic across regions amid an increasingly dynamic retail environment in mainland China, including a substantial decline in its offline direct retail and sub-distributors channels compared to the corresponding period of last year, despite the relatively resilient performance of its omni-channels.

Total Revenue by Category

	For the nine months ended September 30,				
	2025		2024		change
	US$ million	***%***	*US$ million*	*%*	*%*
Athletic/Outdoor Shoes	3,308.1	55.0	3,248.1	53.5	1.8
Casual Shoes & Sports Sandals	648.0	10.8	534.6	8.8	21.2
Soles, Components & Others	275.6	4.5	352.8	5.8	(21.9)
Pou Sheng*	1,785.7	29.7	1,939.8	31.9	(7.9)
Total Revenue	6,017.4	100.0	6,075.3	100.0	(1.0)

* *Sales of the Group's retail subsidiary in the Greater China region, including shoes, apparel, commissions from concessionaire sales and others.*

Gross Profit

For the Period under review, the Group's gross profit decreased by 6.9% to US$1,371.4 million, with the overall gross profit margin decreasing by 1.4 percentage points to 22.8%. The gross profit of the manufacturing business decreased by 4.8% to US$773.5 million, while the gross profit margin of the manufacturing business decreased by 1.3 percentage points to 18.3% as compared with the corresponding period of last year. This decrease was mainly attributed to uneven production leveling across various manufacturing plants, the production efficiency of some production lines that fell short of set targets, and higher labor costs stemming from the Group's expanding labor force and rising wages across various regions.

For Pou Sheng, its gross profit margin was 33.5% during the Period, a decrease of 0.5 percentage points, due to aggressive promotions across the retail industry and increased average mark downs. This occurred despite Pou Sheng's efforts to optimize its inventory mix and sales structure.

Selling & Distribution Expenses, Administrative Expenses and Other Income/Expenses

For the Period under review, the Group's selling and distribution expenses decreased by 7.2% to US$579.4 million (2024: US$624.2 million), equivalent to approximately 9.6% (2024: 10.3%) of revenue.

Administrative expenses increased by 2.2% to US$425.2 million (2024: US$416.1 million), equivalent to approximately 7.1% (2024: 6.8%) of revenue.

Total selling and distribution expenses and administrative expenses decreased by 3.4% to US$1,004.6 million, equivalent to approximately 16.7% (2024: 17.1%) of revenue.

Other income decreased by 10.6% to US$79.2 million (2024: US$88.6 million), equivalent to approximately 1.3% (2024: 1.5%) of revenue. Other expenses increased by 2.5% to US$121.8 million (2024: US$118.8 million), equivalent to approximately 2.0% (2024: 2.0%) of revenue.

As a result, the Group's net operating expenses for the Period decreased by US$23.2 million to US$1,047.2 million, equivalent to approximately 17.4% (2024: 17.6%) of revenue.

Share of Results of Associates and Joint Ventures

For the Period under review, the share of results of associates and joint ventures was a combined profit of US$55.7 million, compared to a combined profit of US$58.4 million recorded in the corresponding period of last year.

Profit Attributable to Owners of the Company

For the Period under review, the profit attributable to owners of the Company amounted to US$278.7 million, representing a decrease of 16.0% as compared with that of US$331.7 million recorded in the corresponding period of last year.

For the Period under review, the Group recognized a non-recurring profit attributable to owners of the Company of US$16.7 million, as compared to US$26.4 million recognized in the corresponding period of last year. This included a one-off gain on the disposal/partial disposal of associates of US$13.8 million, and a gain of US$2.9 million due to fair value changes on financial instruments at fair value through profit or loss. As a result, excluding all items non-recurring in nature, the recurring profit attributable to owners of the Company for the Period under review was US$262.0 million, representing a decrease of 14.2%, as compared with US$305.2 million for the corresponding period of last year.

Outlook

In recent years, the "athleisure" trend has continued to accelerate, driving the commendable performance of numerous industry-leading brand customers. Looking ahead, a lineup of major international sporting events–including the FIFA World Cup 2026, the Asian Games and the Winter Olympics–is set to further elevate global interest in sports and wellness. This growing awareness will continue to drive sustained, long-term growth across related industries and sectors. The Group remains optimistic about the long-term prospects of the sports industry and is confident that its role as a strategic supplier, combined with its high-end footwear development capabilities, will continue to reinforce its enduring partnerships with leading international brands.

As the fourth quarter is the traditional peak season for the Group's manufacturing business, shipment volumes are expected to increase quarter-on-quarter. Nevertheless, the Group expects the near-term business environment to remain unsettled, with volatile sentiment potentially arising from reciprocal tariff-related challenges, inflation, weakened consumer confidence due to macroeconomic uncertainties, and further disruptions to shipping logistics and stability of raw material supply due to regional conflicts.

As it continues to closely monitor global economic and political developments, the Group remains committed to its mid to long-term capacity allocation strategy. This includes diversifying its manufacturing capacity into regions, such as Indonesia and India, where labor supply and infrastructure are supportive of sustainable growth. In the third quarter of 2025, the Group's new manufacturing facility in Central Java, Indonesia, commenced operations as planned and is currently advancing through an orderly ramp-up.

To navigate short-term uncertainties and strike an optimal balance between growth and profitability, the Group will continue to prioritize responsiveness as its core guiding principle, implementing a comprehensive plan that includes more disciplined workforce planning and capacity expansion schedules, thereby better balancing demand with its order pipeline and labor supply to safeguard its production efficiency.

The Group will also further strengthen its operational resilience through its highly flexible and agile manufacturing excellence strategies, while leveraging its core competitive edges and superior adaptability. These efforts, coupled with strict cost and expense controls and its long-term digital transformation strategy, will continue to safeguard the profitability of the Group's manufacturing business, while maintaining a healthy cash flow and a solid financial position. It will also harness its strategy of balancing sustainable value and volume growth, capitalizing on the 'athleisure' trend and its integrated product development capability–which combines automation technology with R&D strength–to seek quality orders with a solid product mix.

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

Hong Kong, November 12, 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. Chou Wei-Te, Mr. Lin Cheng-Tien, Mr. Liu George Hong-Chih and Mr. Chau Chi Ming (Chief Financial Officer).

Independent Non-executive Directors:
Mr. Wong Hak Kun, Mr. Ho Lai Hong, Mr. Lin Shei-Yuan and Dr. Yang Ju-Huei.

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