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

*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 00551)**

# REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS UNDER THE PCC CONNECTED SALES AGREEMENT

Reference is made to the announcement of the Company dated October 6, 2023 and the circular of the Company dated November 10, 2023 in relation to the renewal of continuing connected transactions between the Group and PCC Group for three years ending December 31, 2026.

As it is anticipated that the Existing Caps for the years ending December 31, 2025 and 2026 under the PCC Connected Sales Agreement will not be sufficient to satisfy the growing demand of orders from the PCC Group, on November 12, 2025, the Company entered into the Supplemental Agreement with PCC to revise the Existing Caps for the years ending December 31, 2025 and 2026 under the PCC Connected Sales Agreement.

## LISTING RULES IMPLICATION

As at the date of this announcement, PCC indirectly owns and is entitled to exercise control of approximately 51.36% of the voting rights in respect of the issued Shares. Therefore, PCC is a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Revised Caps under the Supplemental Agreement is more than 0.1% but less than 5%, the Supplemental Agreement (including the Revised Caps) and the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**For identification purpose only*

## I. INTRODUCTION

Reference is made to the announcement of the Company dated October 6, 2023 and the circular of the Company dated November 10, 2023 in relation to the renewal of continuing connected transactions between the Group and PCC Group for three years ending December 31, 2026.

As it is anticipated that the Existing Caps for the years ending December 31, 2025 and 2026 under the PCC Connected Sales Agreement will not be sufficient to satisfy the growing demand of orders from the PCC Group, on November 12, 2025, the Company entered into the Supplemental Agreement with PCC to revise the Existing Caps for the years ending December 31, 2025 and 2026 under the PCC Connected Sales Agreement.

## II. SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement is set out below:

**Date**
November 12, 2025

**Signing Parties**

The Company and PCC

**Revised Caps**
The Existing Caps are revised as follows:

| | **For the year ending December 31,** | |
|---|---|---|
| | **2025** | **2026** |
| | (*US$'000*) | (*US$'000*) |
| Existing Caps | 5,364 | 5,623 |
| Revised Caps | 6,166 | 7,149 |

Save for the revision of the Existing Caps above, all other terms and conditions of the PCC Connected Sales Agreement (including the pricing policy) remain unchanged.

## III. HISTORICAL TRANSACTION AMOUNTS

Set out below are the historical amounts of transactions under the PCC Connected Sales Agreement:

| | **For the year ended December 31, 2024** (*US$'000*) | **For the nine months ended September 30, 2025** (*US$'000*) |
|---|---|---|
| The actual transaction amounts under the PCC Connected Sales Agreement | 4,302 | 4,484 |

As at the date of this announcement, the actual aggregate transaction amounts under the PCC Connected Sales Agreement have not exceeded the existing annual caps for the year ended December 31, 2024 and year ending December 31, 2025.

## IV. BASIS OF DETERMINATION OF THE REVISED CAPS

The Revised 2025 Cap was determined with reference to (i) the annualised amount of the actual transaction amount for the nine months ended September 30, 2025; (ii) the orders and requests made or anticipated to be made by the PCC Group for the three months ending December 31, 2025; and (iii) a buffer of 3% for unforeseeable circumstances.

The Revised 2026 Cap was determined with reference to (i) the anticipated orders and requests to be made by the PCC Group for the year ending December 31, 2026; (ii) a buffer of 13% for exchange rate fluctuation between NTD and US$ (taken into account the historical exchange rate fluctuation between NTD and US$ in 2025); and (iii) a buffer of 3% for unforeseeable circumstances.

## V. INFORMATION OF THE PARTIES

The Company is an investment holding company. The principal activities of the Group are the manufacturing and sales of footwear products, as well as retail and distribution of sportswear and footwear products.

PCC is principally engaged in the (i) manufacturing of shoes; (ii) retail of sporting goods and wholesale business; and (iii) other businesses including real estate development and hotel operation through its subsidiaries.

## VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Group's production efficiency can be enhanced with better utilisation of production capacity through transactions under the PCC Connected Sales Agreement. Given the expected increase in demand of orders from the PCC Group, it is anticipated that the Existing Caps will not be sufficient to satisfy the growing demand of orders from the PCC Group. The entering into of the Supplemental Agreement and the revision of the Existing Caps allow the Group to continue its sales business with the PCC Group.

Accordingly, the Directors (including the independent non-executive Directors) believe that the terms of the Supplemental Agreement and the Revised Caps contemplated thereunder are on normal commercial terms and are fair and reasonable and the transactions contemplated under the Supplemental Agreement are in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole.

## VII. INTERNAL CONTROL MEASURES

The Group has implemented the following procedures over the monitoring of the pricing basis of the sales and the services to the PCC Group:

i. for manufacture and supply of leather, production equipment and tools, finished and semi-finished shoe products and quality control inspection tools, the sales and costing units of the Group are required to submit costs and transaction records relating to the sale transactions of products with identical or similar features to independent third parties for internal assessment and evaluation by the accounting department of the Group;

ii. for manufacture and supply of moulds, the sales and costing units of the Group will check and approve the prices which are set based on standard price lists as agreed with independent third parties; the accounting department of the Group will periodically check the internal approval documents to ensure the prices are properly approved by the sales and costing units of the Group; and

iii. the accounting department of the Group will check the correctness of monthly expenses and costs for the provision of consultancy and guidance services under the agreement.

## VIII. LISTING RULES IMPLICATION

As at the date of this announcement, PCC indirectly owns and is entitled to exercise control of approximately 51.36% of the voting rights in respect of the issued Shares. Therefore, PCC is a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Revised Caps under the Supplemental Agreement is more than 0.1% but less than 5%, the Supplemental Agreement (including the Revised Caps) and the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## IX. GENERAL

None of the Directors have any material interest in the continuing connected transactions under the PCC Connected Sales Agreement (as amended by the Supplemental Agreement) and no Directors were required to abstain from voting on the relevant Board resolutions.

## X. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

| | |
|---|---|
| "associate(s)" | has the meaning ascribed thereto in the Listing Rules |
| "Board" | the board of Directors |
| "Company" | Yue Yuen Industrial (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange |
| "connected person(s)" | has the meaning ascribed thereto in the Listing Rules |
| "controlling shareholder" | has the meaning ascribed thereto in the Listing Rules |
| "Director(s)" | director(s) of the Company from time to time |
| "Existing Cap(s)" | the existing maximum annual caps for the continuing connected transactions contemplated under the PCC Connected Sales Agreement for the two years ending December 31, 2026 |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "independent shareholders" | has the meaning ascribed thereto in the Listing Rules |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "NTD" | New Taiwan dollars, the lawful currency of Taiwan |
| "PCC" | Pou Chen Corporation, a company with its shares listed and traded on the Taiwan Stock Exchange Corporation (stock code: 9904) and a controlling shareholder of the Company, which indirectly owns or controls approximately 51.36% of the issued Shares as at the date of this announcement |

| | |
|---|---|
| "PCC Connected Sales Agreement" | the agreement dated January 9, 2007 entered into between the Group and the PCC Group for the sale of leather, moulds, production equipment and tools, finished and semi-finished shoe products and quality control inspection tools and provision of consultancy and guidance services to the PCC Group, as amended and supplemented by first supplemental agreement dated November 20, 2008, second supplemental agreement dated August 25, 2011, third supplemental agreement dated September 15, 2014, fourth supplemental agreement dated October 21, 2014, fifth supplemental agreement dated October 13, 2017, sixth supplemental agreement dated October 8, 2020, and seventh supplemental agreement dated October 6, 2023 |
| "PCC Group" | PCC and its subsidiaries and associates other than members of the Group |
| "Revised Cap(s)" | the Revised 2025 Cap and the Revised 2026 Cap |
| "Revised 2025 Cap" | the revised annual caps of the PCC Connected Sales Agreement for the year ending December 31, 2025 under the Supplemental Agreement |
| "Revised 2026 Cap" | the revised annual caps of the PCC Connected Sales Agreement for the year ending December 31, 2026 under the Supplemental Agreement |
| "Share(s)" | ordinary share(s) of HK$0.25 each in the capital of the Company |
| "Shareholder(s)" | the holder(s) of Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed thereto in the Listing Rules |
| "Supplemental Agreement" | the eighth supplemental agreement dated November 12, 2025 entered into between the Company and PCC supplemental to the PCC Connected Sales Agreement in relation to the revision of Existing Caps |
| "US$" | United States dollars, the lawful currency of the United States of America |
| "%" | per cent. |

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 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.*

*Website:* www.yueyuen.com