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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 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, 2026 (the “**Period**”), the Group is expected to record a decrease of approximately 50% to 55% in its profit attributable to owners of the Company (the “**Profit**”) for the Period, as compared with a Profit of approximately US\$75.8 million for the corresponding period in 2025.

Based on the information currently available to the Group, the aforesaid level of decrease in Profit is primarily attributable to an increasingly complex and dynamic global economic landscape, the continued escalation of geopolitical tensions and seasonal misalignments, all of which have introduced greater uncertainties into the operating environment. These factors, as explained in more details below, have led to a rise in the unit costs of footwear manufacturing, thereby negatively affected the Group’s short-term profitability in its manufacturing business.

- 1. Impact of Fluctuating Demand and Reciprocal Tariffs:** the revenue of manufacturing business decreased by 5.5% compared with the same period of last year, resulting in operating deleverage. Amid uncertainties in the macroeconomic trajectory weakening consumer momentum in the end markets, brand customers have adopted a more cautious approach to ordering. This, in turn, has constrained earlier order pull-ins and complicated order scheduling, resulting in near-term volatility in order demand. The average selling price saw a slight increase due to changes in product mix, although this was partially offset by the negative impact of tariff sharing arrangements;
- 2. Impact of Rising Labor Costs:** In line with the Group’s long-term capacity allocation and the ramp-up of newly established facilities, the headcount of the manufacturing business increased by a low single-digit percentage year-on-year. Combined with wage increases across various regions, this has driven up labor costs;

3. **Production Bottlenecks and Decline in Production Efficiency:** Production scheduling during the Period was adversely affected by pronounced seasonal misalignments arising from the overlap of Lunar New Year holidays in mainland China and Vietnam, together with the earlier occurrence of Ramadan and Eid al-Fitr holidays in Indonesia in 2026 compared with the previous year, resulting in severe production bottlenecks. Although the Group proactively coordinated order pacing to mitigate the related impact, production leveling across its manufacturing facilities remained highly uneven, leading to short-term pressure on production efficiency and further driving up unit costs.

The Group will continue to closely monitor the developments in the global economic and political environment, as well as the potential impact of short-term regional conflicts on shipping and logistics and on the stability of raw material supplies. It will also continue to uphold responsiveness as its core guiding principle, balancing demand, order pipeline, and labor supply to safeguard its operational efficiency.

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 and risk management committee of the Company. As the Company is in the process of finalizing the unaudited consolidated financial statements 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 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 13, 2026.

**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 21, 2026

*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.*

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