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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 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 six months ended June 30, 2024 (the “**Period**”), the Group is expected to record an increase of 115% to 120% in its profit attributable to owners of the Company (the “**Profit**”) for the Period as compared to the Profit of US\$83.6 million for the corresponding period in 2023.

Based on the information currently available to the Group, the increase in Profit was mainly attributable to strong demand for the Group’s footwear capacity driven by the gradual recovery of the global footwear industry, and further supported by a low base. In addition, the Group did not incur expenses for production capacity adjustments during the Period when compared to one-off expenses of approximately US\$20.5 million for production capacity adjustments during the corresponding period of 2023, which, together with a one-off gain of approximately US\$24.0 million on the partial disposal of associates during the Period, also contributed to the increase in Profit.

During the Period, the Group’s manufacturing business saw a decent recovery in its capacity utilization rate and footwear shipment volumes through its flexible production scheduling and orderly overtime arrangement. Alongside the ramp-up of new production capacity, combined with an increased utilization rate due to overtime hours in a number of factories, resulted in uneven production leveling across the manufacturing facilities. At the same time, the Group’s sustained focus on cost-reduction and efficiency-improvement initiatives, coupled with stringent expense controls and a low base effect, collectively supported solid growth in Profit.

The Group will strengthen its operational resilience through its highly flexible and agile strategies, supported by a comprehensive plan to increase manufacturing manpower and capacity, in order to balance demand, its order pipeline and labor supply, thereby enhancing its efficiency and productivity.

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the 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 and potential investors are advised to refer to the unaudited consolidated results announcement of the Group for the Period, which is expected to be announced on or around August 12, 2024.

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, July 31, 2024

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