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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)

FINAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

GROUP FINANCIAL HIGHLIGHTS

Results for the year ended December 31, 2025

	2025	2024	Percentage Increase/ (decrease)
Revenue (<i>US\$'000</i>)	8,031,354	8,182,161	(1.8)%
Recurring profit attributable to owners of the Company (<i>US\$'000</i>)	366,754	378,627	(3.1)%
Non-recurring profit attributable to owners of the Company (<i>US\$'000</i>)	14,328	13,788	3.9%
Profit attributable to owners of the Company (<i>US\$'000</i>)	381,082	392,415	(2.9)%
Basic earnings per share (<i>US cents</i>)	23.76	24.37	(2.5)%
Dividend per share			
Interim dividend (<i>HK\$</i>)	0.40	0.40	–
Final dividend (proposed) (<i>HK\$</i>)	0.90	0.90	–

* For identification purpose only

RESULTS

The directors (the “Directors”) of Yue Yuen Industrial (Holdings) Limited (the “Company”) are pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2025 with comparative figures for the corresponding year in 2024 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

	<i>Notes</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Revenue	3	8,031,354	8,182,161
Cost of sales		(6,203,550)	(6,189,451)
Gross profit		1,827,804	1,992,710
Other income		107,012	122,713
Selling and distribution expenses		(780,541)	(838,163)
Administrative expenses		(562,215)	(553,395)
Other expenses		(156,173)	(177,427)
Finance costs		(53,166)	(63,339)
Share of results of associates		53,230	54,081
Share of results of joint ventures		16,663	24,352
Other gains and losses	4	13,211	10,565
Profit before taxation		465,825	572,097
Income tax expense	5	(70,429)	(147,444)
Profit for the year	6	<u>395,396</u>	<u>424,653</u>
Attributable to:			
Owners of the Company		381,082	392,415
Non-controlling interests		14,314	32,238
		<u>395,396</u>	<u>424,653</u>
		<i>US cents</i>	<i>US cents</i>
Earnings per share	8		
– Basic		<u>23.76</u>	<u>24.37</u>
– Diluted		<u>23.75</u>	<u>24.34</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025	2024
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the year	<u>395,396</u>	<u>424,653</u>
Other comprehensive income (expense)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income	(4,827)	2,771
Share of other comprehensive expense of associates	(2,892)	(628)
Remeasurement of defined benefit obligations, net of tax	(322)	13,028
Revaluation gain on transfer of properties to investment properties, net of tax	<u>29,052</u>	<u>56,810</u>
	<u>21,011</u>	<u>71,981</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on the translation of foreign operations	63,981	(36,480)
Share of other comprehensive income (expense) of associates and joint ventures	4,986	(5,437)
Reserve released upon partial disposal of associates	509	2,070
Reserve released upon deemed disposal of an associate	<u>–</u>	<u>316</u>
	<u>69,476</u>	<u>(39,531)</u>
Other comprehensive income for the year	<u>90,487</u>	<u>32,450</u>
Total comprehensive income for the year	<u>485,883</u>	<u>457,103</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	446,572	438,168
Non-controlling interests	<u>39,311</u>	<u>18,935</u>
	<u>485,883</u>	<u>457,103</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	<i>Note</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Non-current assets			
Investment properties		415,253	327,202
Property, plant and equipment		1,584,499	1,578,860
Right-of-use assets		426,383	469,693
Deposits paid for acquisition of property, plant and equipment/right-of-use assets		34,492	30,102
Intangible assets		14,351	13,106
Goodwill		259,856	256,148
Interests in associates		432,824	425,495
Interests in joint ventures		156,120	164,305
Equity instruments at fair value through other comprehensive income		15,675	20,240
Financial assets at fair value through profit or loss		64,711	61,099
Bank deposits over three months		116,697	62,140
Other financial assets at amortized cost		30,686	5,795
Rental deposits		13,510	14,886
Deferred tax assets		98,551	101,359
		3,663,608	3,530,430
Current assets			
Inventories		1,379,582	1,335,969
Trade and other receivables	9	1,625,896	1,555,506
Equity instrument at fair value through other comprehensive income		2,336	3,139
Financial assets at fair value through profit or loss		73,224	37,662
Taxation recoverable		49,558	31,632
Bank deposits over three months		100,632	124,167
Cash and cash equivalents		633,897	756,849
		3,865,125	3,844,924

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At December 31, 2025

	<i>Note</i>	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	1,175,836	1,203,244
Contract liabilities		40,498	54,208
Financial liabilities at fair value through profit or loss		643	3,126
Taxation payable		61,370	76,051
Bank borrowings		468,828	357,616
Lease liabilities		72,001	75,534
		<u>1,819,176</u>	<u>1,769,779</u>
Net current assets		<u>2,045,949</u>	<u>2,075,145</u>
Total assets less current liabilities		<u>5,709,557</u>	<u>5,605,575</u>
Non-current liabilities			
Bank borrowings		319,862	399,684
Deferred tax liabilities		78,690	70,439
Lease liabilities		114,314	137,383
Retirement benefit obligations		85,734	83,715
		<u>598,600</u>	<u>691,221</u>
Net assets		<u>5,110,957</u>	<u>4,914,354</u>
Capital and reserves			
Share capital		51,795	51,795
Reserves		4,564,901	4,386,396
Equity attributable to owners of the Company		4,616,696	4,438,191
Non-controlling interests		494,261	476,163
Total equity		<u>5,110,957</u>	<u>4,914,354</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. GENERAL

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF AMENDMENTS TO AN HKFRS ACCOUNTING STANDARD

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of performance, focuses specifically on the revenue analysis by principal categories of the Group’s business. The principal categories of the Group’s business are manufacturing and sales of footwear products (“Manufacturing Business”) and retail and distribution of sportswear and footwear products (“Retailing Business”) which includes provision of large scale commercial spaces to retailers and distributors. Accordingly, only entity-wide disclosures are presented.

The information regarding revenue derived from the principal businesses described above is reported below.

	2025 <i>US\$’000</i>	2024 <i>US\$’000</i>
Revenue		
Manufacturing Business	5,648,284	5,620,753
Retailing Business	2,383,070	2,561,408
	<u>8,031,354</u>	<u>8,182,161</u>

3. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Revenue from major products

The following is an analysis of the Group's revenue from its major products recognized at a point in time:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Athletic/outdoor shoes	4,435,037	4,403,600
Casual shoes and sports sandals	861,601	765,388
Soles, components and others	351,646	451,765
Retail sales – shoes, apparel, commissions from concessionaire sales and others	<u>2,383,070</u>	<u>2,561,408</u>
	<u>8,031,354</u>	<u>8,182,161</u>

Geographical information

The Group's revenue is mainly derived from customers located in the United States of America ("US"), Europe and the People's Republic of China (the "PRC"). The Group's revenue by the geographical location of the customers, determined based on the destination of goods delivered, irrespective of the origin of the goods, is detailed below:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
US	1,605,310	1,542,031
Europe	1,531,024	1,429,624
PRC	3,133,605	3,580,267
Other countries in Asia	1,208,132	1,174,519
Others	<u>553,283</u>	<u>455,720</u>
	<u>8,031,354</u>	<u>8,182,161</u>

3. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Geographical information (continued)

The Group's business activities are conducted predominantly in the PRC, Vietnam, Indonesia, Myanmar, Cambodia and Bangladesh. Information about the Group's non-current assets by the geographical location of the assets is detailed below:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
PRC	903,122	928,839
Vietnam	554,922	561,014
Indonesia	778,865	706,971
Myanmar	64,255	70,718
Cambodia	62,412	61,119
Bangladesh	33,399	35,443
Others	78,003	69,745
	<u>2,474,978</u>	<u>2,433,849</u>

Information about major customers

Revenue from customers contributing over 10% of the total annual revenue of the Group are as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Customer A	1,924,390	2,057,802
Customer B	<u>1,387,933</u>	<u>1,385,835</u>

4. OTHER GAINS AND LOSSES

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Fair value changes on financial instruments at fair value through profit or loss	4,673	(2,000)
Fair value changes on investment properties	(5,250)	(12,367)
Gain on disposal of associates	937	–
Gain on partial disposal of associates	12,851	30,098
Gain on deemed disposal of an associate	–	1,411
Impairment loss on interest in a joint venture	–	(5,000)
Impairment loss on interest in an associate	–	(1,563)
Loss on deregistration of subsidiaries	–	(14)
	<u>13,211</u>	<u>10,565</u>

5. INCOME TAX EXPENSE

	2025 US\$'000	2024 US\$'000
Taxation attributable to the Company and its subsidiaries:		
PRC Enterprise Income Tax		
– current year	30,677	39,591
– overprovision in prior years	(3,458)	(2,007)
Overseas taxation		
– current year	56,512	70,855
– (over)underprovision in prior years (<i>note i</i>)	(23,269)	27,855
	<u>60,462</u>	136,294
Income tax – Pillar Two Rules (<i>note ii</i>)	4,067	–
Withholding tax on dividend	4,230	4,180
Deferred tax	1,670	6,970
	<u><u>70,429</u></u>	<u><u>147,444</u></u>

note:

(i) Tax disputes relating to subsidiaries of the Company in Indonesia (“Tax Disputes”)

As stated in note 9 to the consolidated financial statements for the year ended December 31, 2024 in the 2024 annual report of the Company, the Indonesian Tax Bureau had made transfer pricing adjustments to the net profits for the tax period of year 2017 on two subsidiaries of the Company in Indonesia (the “Indonesian Subsidiary(ies)”) respectively and claimed for supplementary payment of corporate income tax and related withholding tax together with administrative penalties and surcharges (the “Disputed Taxes”).

The Disputed Taxes for the aforesaid Indonesian Subsidiaries amounted to US\$79.0 million and US\$30.0 million, respectively, have been fully paid as at December 31, 2025 (2024: paid approximately US\$75.7 million and US\$13.0 million respectively). Having considered that sufficient grounds had been provided to the Indonesian Tax Bureau to defend against the above Tax Disputes, one of the Indonesian Subsidiaries lodged appeal to the Supreme Court of the Republic of Indonesia (the “Supreme Court”) on July 29, 2024 and the other Indonesian Subsidiary lodged appeal to the Supreme Court on February 17, 2025. The Company is of the view that the Indonesian Subsidiaries had fully paid the income tax for the tax period of year 2017 in accordance with applicable legal requirements.

During the year ended December 31, 2024, having considered the actual appeal process, effects of any potential changes in facts or circumstances, and the uncertainty about the final outcome of the appeals, the Group, based on its best estimate, had determined to recognize US\$28.2 million additional income tax expenses and administrative penalties of US\$12.3 million (included in other expenses) in the Group’s consolidated financial statements for the year ended December 31, 2024, while the remaining paid amount of approximately US\$15.9 million and US\$32.3 million as tax recoverable and other receivable, respectively.

5. INCOME TAX EXPENSE (CONTINUED)

note: (continued)

(i) Tax disputes relating to subsidiaries of the Company in Indonesia (“Tax Disputes”) (continued)

During the year ended December 31, 2025, the Supreme Court issued a ruling in favor of one of the Indonesian Subsidiaries in relation to the Tax Dispute on corporate income tax, of which US\$29.3 million was received subsequent to the reporting period. As a result of the ruling, the Group recognized a reversal of previously provided income tax expense of US\$20.4 million and administrative penalty of US\$8.9 million (included in other expenses). These amounts have been recognized as tax recoverable and other receivable, respectively, as at December 31, 2025. Including this reversal, the total paid amounts related to the Tax Disputes recognized as tax recoverable and other receivable as at December 31, 2025 are approximately US\$39.8 million and US\$58.0 million, respectively. The appeal process for the remaining Tax Disputes is expected to be completed within one year.

(ii) Income tax – Pillar Two Rules

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective in Hong Kong in which certain group entities are Hong Kong resident entities. The top-up tax relates to the Group’s operation in certain jurisdictions where the annual effective income tax rates are estimated to be below 15%. Therefore, a top-up tax is accrued in the current year using the tax rate based on the estimated adjusted covered taxes and net Global Anti-Base Erosion income for the year. The Group has recognized a current tax expense of US\$4,067,000 related to the Pillar Two Rules for the year ended December 31, 2025 (2024: Nil) which is expected to be levied on the group entities in Hong Kong.

Meanwhile, the Group’s certain subsidiaries are operating in certain jurisdictions where the Pillar Two Rules are effective or enacted but not yet effective. The management of the Group considered the Group’s subsidiaries in these jurisdictions are not liable to top-up tax under the Pillar Two Rules, after taking into consideration the adjustments under the Global Anti-Base Erosion Rules based on management’s best estimate and the transitional Country-by-Country Reporting Safe Harbor.

The Group has applied the temporary mandatory exception from recognizing and disclosing deferred tax assets and liabilities for the impacts of the Pillar Two Rules and accounts for it as a current tax when it is incurred.

6. PROFIT FOR THE YEAR

	2025 US\$'000	2024 US\$'000
Profit for the year has been arrived at after charging (crediting):		
Employee benefit expense, including Directors' emoluments (note iii)		
– basic salaries, bonus, allowances and staff welfare	1,853,031	1,799,124
– retirement benefit scheme contributions	230,423	223,260
– share-based payments	3,014	3,320
	<u>2,086,468</u>	<u>2,025,704</u>
Auditor's remuneration	1,434	1,432
Amortization of intangible assets	1,962	1,630
Depreciation of property, plant and equipment (note iii)	262,415	266,247
Depreciation of right-of-use assets	99,690	115,074
Loss (gain) on disposal of property, plant and equipment (included in other expenses (other income))	2,399	(1,402)
Loss (gain) on disposal of right-of-use assets (included in other expenses (other income))	37	(769)
Loss on disposal of investment properties (included in other expenses)	–	3,883
Impairment loss on right-of-use assets (included in selling and distribution expenses)	3,146	–
Research and development expenditure (included in other expenses)	145,936	142,233
Net changes in allowance for inventories (included in cost of sales) (note ii)	(6,208)	(11,874)
Net exchange gain (included in other income)	(8,217)	(7,307)
Reversal of impairment loss on trade and other receivables	<u>(627)</u>	<u>(5,517)</u>

notes:

- (i) For the years ended December 31, 2025 and 2024, cost of inventories recognized as expenses represents cost of sales as shown in the consolidated income statement.
- (ii) Changes in allowance for inventories of US\$1,787,000 (2024: US\$2,298,000) was credited to the consolidated income statement for the year ended December 31, 2025 arose from the finished goods for the Retailing Business.
- (iii) Staff costs and depreciation of property, plant and equipment disclosed above included amounts capitalized in inventories.

7. DIVIDENDS

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Dividends recognized as distribution during the year:		
2024 Final dividend of HK\$0.90 per share (2023 Final dividend of HK\$0.70 per share)	183,950	144,458
2025 Interim dividend of HK\$0.40 per share (2024 Interim dividend of HK\$0.40 per share)	<u>82,467</u>	<u>82,960</u>
	<u>266,417</u>	<u>227,418</u>

The board of directors of the Company (the “Board”) has resolved to declare a final dividend of HK\$0.90 per share for the year ended December 31, 2025 (2024: HK\$0.90 per share) for shareholders whose names appear on the register of members of the Company on June 8, 2026. The proposed final dividend of approximately HK\$1,443,987,000 shall be paid on June 23, 2026.

This proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Earnings:		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	<u>381,082</u>	<u>392,415</u>
	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,604,050,845	1,610,400,915
Effect of dilutive potential ordinary shares: – Unvested awarded shares	<u>759,169</u>	<u>1,761,908</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,604,810,014</u>	<u>1,612,162,823</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee of the share award scheme of the Company.

9. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 days to 90 days which are agreed with each of its trade customers.

Included in trade and other receivables are trade receivables, net of allowance for credit losses, of US\$918,340,000 (2024: US\$938,499,000) and an aged analysis presented based on invoice date at the end of the reporting period, which approximated to the respective revenue recognition dates, is as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
0 to 30 days	613,731	603,752
31 to 90 days	304,443	334,252
Over 90 days	166	495
	<u>918,340</u>	<u>938,499</u>

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of US\$464,149,000 (2024: US\$500,454,000) and an aged analysis presented based on the invoice date at the end of the reporting period is as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
0 to 30 days	310,797	352,739
31 to 90 days	137,809	137,000
Over 90 days	15,543	10,715
	<u>464,149</u>	<u>500,454</u>

11. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the Group had financial guarantee contracts as follows:

	2025 <i>US\$'000</i>	2024 <i>US\$'000</i>
Guarantees given to banks in respect of banking facilities granted to		
(i) joint ventures		
– amount guaranteed	32,500	32,764
– amount utilized	21,603	20,748
(ii) an associate		
– amount guaranteed	20,700	20,700
– amount utilized	<u>149</u>	<u>–</u>

In the opinion of the Directors, the fair value of the financial guarantees given to the banks by the Group are insignificant at initial recognition. Also, after taking into consideration the probability of default and the loss given default of the relevant joint venture and associate, the management of the Company is of the opinion that no provision is required to be recognized in the consolidated statement of financial position as at December 31, 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Yue Yuen is the world's largest manufacturer of athletic, athleisure, casual and outdoor footwear, with a diversified portfolio of brand customers and production sites. It has long-standing relations and a reputation for serving leading international brands, including Nike, adidas, Asics, New Balance and Salomon at the highest level. The Group's production facilities located across the globe are widely recognized for their responsiveness, flexibility, innovation, design and development capabilities, and superior quality. The Group also operates one of the largest and most integrated sportswear retail networks in the Greater China region through its listed subsidiary Pou Sheng International (Holdings) Limited ("Pou Sheng").

During the year ended December 31, 2025 (the "Year"), reciprocal tariffs and geopolitical uncertainties continued to weigh on the stability of overall footwear demand. Notwithstanding the impact of tariff policies, footwear production demand in major manufacturing countries in Southeast Asia maintained its upward trajectory. This was underpinned by the rapid reallocation of regional manufacturing capacity. Meanwhile, footwear exports from mainland China experienced a substantial decline. According to Vietnam Customs, the value of Vietnamese footwear exports in 2025 increased by 5.8% year-on-year to US\$24.2 billion. According to the Central Bureau of Statistics of Indonesia, the value of Indonesian footwear exports in 2025 increased by 9.5% year-on-year to US\$8.0 billion. However, the value of Chinese footwear exports in 2025 declined by 11.3% year-on-year to US\$41.6 billion according to China Customs.

While actively seeking cooperation and support from strategic supply chain partners with strong development capabilities, brand customers adopted more cautious and conservative procurement policies in the second half of the Year amid the particularly complex and dynamic global economic landscape. This, coupled with a high base effect from the Group's strong performance in 2024, led to a modest year-on-year decline in shipment volumes.

Nevertheless, the Group's manufacturing business demonstrated its strong operational resilience. Despite headwinds from reciprocal tariffs, it secured solid order growth from multiple brand customers. A richer premium order mix helped lift the Group's average selling price, partially offsetting the adverse impact of lower shipment volumes on its footwear manufacturing revenue.

Throughout the Year, the Group's manufacturing performance was negatively affected by significant deviations from average order fulfilment patterns and capacity utilization levels at certain factories, resulting in uneven production leveling. Its performance was further weighed down by initial investments for capacity ramp-ups and the commencement of tariff sharing in the second half of the Year. Furthermore, a 4.3% increase in manufacturing headcount and high single-digit wage growth across multiple regions significantly elevated associated labor costs during the Year, placing further pressure on the short-term profitability of the Group's manufacturing business.

Meanwhile, the Group’s retail subsidiary, Pou Sheng, continued to face headwinds from subdued consumer confidence and elevated industry inventory levels, leading to aggressive promotional activity. Despite its ongoing efforts to rigorous inventory management, inventory mix optimization, digital capabilities enhancement, stringent expense control and organizational adjustment, Pou Sheng experienced operational deleverage due to discount pressures and a decline in sales scale. Nevertheless, following a restructuring aimed at enhancing synergies, Pou Sheng’s digital sales momentum remained solid. It continued to enhance its online channels capabilities in mainland China’s highly competitive sportswear e-commerce landscape, while maintaining a high degree of agility and flexibility in its decision-making and systematically developing its online presence – all of which partially mitigated the ongoing pressures on its offline channels. For more details on the financials and strategies of the Group’s retail business, please refer to the results announcement of Pou Sheng.

As a responsible leader in the footwear industry, Yue Yuen is a member of the World Federation of the Sporting Goods Industry (“WFSGI”) and supports the principles of the WFSGI Code of Conduct, while also advocating for the United Nations Global Compact (“UNGC”) and key Sustainable Development Goals (“SDGs”). The Group remains committed to sustainability, ethical conduct and its corporate values. Whenever making important business decisions, the Group considers the interests of all stakeholders. The Group monitors and manages its business using comprehensive guidelines for employee relations, workplace safety, and the efficient use of raw materials, energy, and other environmental factors, as well as an eco-intelligent management system. By fostering a culture of ethical conduct and integrity, the Group fulfills its corporate responsibility.

The Group has earned significant recognition from distinguished external parties for its sustainability and corporate governance. In the 2025 Corporate Sustainability Assessment (“CSA”) conducted by S&P Global, Yue Yuen achieved an Environmental, Social and Governance (“ESG”) Score of 45 and a CSA score of 40, placing it ahead of 77% of Textiles, Apparel & Luxury Goods companies. In the latest CDP rating released in January 2026, the Group and its parent company, Pou Chen Corporation (“Pou Chen”) collaboratively achieved the Management level. Specifically, its CDP Climate Change rating was maintained at ‘B’ while its CDP Water Security rating improved from the previous year’s ‘B-’ rating to ‘B’. Furthermore, the Group has received an MSCI ESG rating of ‘BB’, reflecting the Groups and Pou Chen’s efforts in setting targets and taking action to promote sustainability and corporate governance.

During the Year, the Group was selected for inclusion in the S&P Global Sustainability Yearbook (China) 2025 for the second consecutive year, in recognition of its outstanding ESG performance. The Group featured prominently in the “2025 Asia (ex-Japan) Executive Team” rankings published by Extel (formerly Institutional Investor), as voted by investment professionals. For the first time, the Group secured first place across all rankings – in both the Rest of Asia region for Consumer/Discretionary Sector and the Hong Kong region categories – earning recognition as the “Most Honored Company” in both categories. It also won an unprecedented 11 awards in the mid-cap category at the

11th Investor Relations Awards 2025 conducted by the Hong Kong Investor Relations Association, including “Grand ESG Award” and “Overall Best IR Company”. These awards reflect the investment community’s recognition of the Group’s adherence to its ESG principles and its continued investor relations efforts.

As a people-oriented business, the Group abides by its Code of Conduct and is dedicated to promoting a caring culture, while cultivating a safe, friendly, and equitable workforce that operates in harmony. Talent cultivation is a key foundation for the Group’s long-term sustainable operations. The Group’s parent company, Pou Chen, continues to be accredited by the Fair Labor Association (“FLA”), and together with the Group, has built a great workplace that places the health, safety and welfare of all employees as its top priority, while promoting human rights and providing fair compensation for its employees. For more details, please refer to the Company’s 2025 ESG Report, which aligns with the Listing Rules of the Hong Kong Stock Exchange and refers to international sustainability standards issued by organizations including the Global Reporting Initiative (“GRI”) and the Sustainability Accounting Standards Board (“SASB”).

Results of Operations

During the Year under review, the Group recorded revenue of US\$8,031.4 million, representing a decrease of 1.8% compared with the previous year. The profit attributable to owners of the Company was US\$381.1 million, a slight decrease of 2.9% as compared to US\$392.4 million recorded for the previous year. The profit attributable to owners of the manufacturing business increased by 3.7% to US\$362.7 million, while the profit attributable to owners of Pou Sheng decreased by 57.1% to RMB210.8 million due to a decline in sales. The basic earnings per share was 23.76 US cents, compared to 24.37 US cents for the previous year.

Revenue Analysis

During the Year under review, revenue attributed to footwear manufacturing activity (including athletic/outdoor shoes, casual shoes and sports sandals) increased by 2.5% to US\$5,296.6 million, compared with the previous year. The volume of shoes shipped during the Year decreased slightly to 252.2 million pairs due to the more cautious procurement policies adopted by brand customers and a relatively high base. However, the average selling price rose more than expected, reaching US\$21.00 per pair, benefiting from a higher-quality order mix.

The Group’s athletic/outdoor shoes category accounted for 83.7% of footwear manufacturing revenue in the Year under review. Casual shoes and sports sandals accounted for 16.3% of footwear manufacturing revenue. When considering the Group’s consolidated revenue, athletic/outdoor shoes represented the Group’s principal category, accounting for 55.2% of total revenue, followed by casual shoes and sports sandals, which accounted for 10.7% 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\$5,648.3 million in the Year under review, representing an increase of 0.5% as compared to previous year.

For the retail business, revenue attributed to Pou Sheng decreased by 7.0% to US\$2,383.1 million in the Year under review, compared to US\$2,561.4 million in the previous year. In RMB terms (Pou Sheng's reporting currency), revenue decreased by 7.2% to RMB17,132.1 million, compared to RMB18,453.9 million in the previous year. The mainland China market faced subdued consumer confidence and sustained weakness in foot traffic, with elevated industry inventory levels leading to aggressive promotional activity. Sales in Pou Sheng's retail stores and sub-distributor channels declined substantially compared with the previous year, partially offset by the continued resilient performance of its digital sales. The performance of multiple e-commerce platforms was satisfactory, particularly in livestream sales which increased by over 70%, driving up digital sales contribution to over 30% of Pou Sheng's total revenue. As of December 31, 2025, Pou Sheng had 3,310 directly operated retail stores across the Greater China region, representing a net closure of 138 stores as compared with the 2024 year-end. This aligns with the Group's retail refinement strategy, under which it takes a holistic approach to planning its physical retail network, enabling it to focus on improving store-level efficiency and prudently developing new brands and sales channels.

Total Revenue by Category

	For the year ended December 31,				
	2025		2024		change %
	US\$ million	%	US\$ million	%	
Athletic/Outdoor Shoes	4,435.0	55.2	4,403.6	53.8	0.7
Casual Shoes & Sports Sandals	861.6	10.7	765.4	9.4	12.6
Soles, Components & Others	351.7	4.4	451.8	5.5	(22.2)
Pou Sheng*	<u>2,383.1</u>	<u>29.7</u>	<u>2,561.4</u>	<u>31.3</u>	(7.0)
Total Revenue	<u>8,031.4</u>	<u>100.0</u>	<u>8,182.2</u>	<u>100.0</u>	(1.8)

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

Sales in the Group's manufacturing business are primarily derived from manufacturing orders. Manufacturing orders from international brands are received by business units that manage each customer and normally take about ten to twelve weeks to fill. Reducing lead times for product creation and production to get closer to the end consumer market remains at the core of many customers' long-term success, with an increasing number of orders requesting shorter lead times of between 30-45 days. Nevertheless, the short-term priorities of some customers are prioritizing balancing agile capacity allocation with on-time delivery and swift responsiveness to short-term issues arising from macroeconomic uncertainties.

Pou Sheng's sales are recorded daily, or at periodic intervals if from sub-distributors.

Production Review

In 2025, the Group's manufacturing business shipped a total of 252.2 million pairs of shoes, a decrease of 1.2% compared to the 255.3 million pairs shipped in the previous year. The average selling price per pair was US\$21.00, an increase of 3.7% as compared to US\$20.25 in the previous year.

In terms of production allocation, Indonesia, Vietnam and mainland China continued to be the Group's main production locations by shoe volume in 2025, representing 54%, 32% and 9% of total shoe shipments, respectively.

Cost and Expenses Review

With respect to the cost of goods sold by the Group's manufacturing business in 2025, total main material costs were US\$2,002.8 million (2024: US\$2,006.2 million). Direct labor costs and production overheads were US\$2,615.5 million (2024: US\$2,497.5 million). The total cost of goods sold by the Group's manufacturing business was US\$4,618.3 million (2024: US\$4,503.7 million). For the Group's retail business, Pou Sheng, cost of sales were US\$1,585.2 million (2024: US\$1,685.7 million).

During the Year under review, the Group's gross profit decreased by 8.3% to US\$1,827.8 million, with the overall gross profit margin decreasing by 1.6 percentage points to 22.8%. Among which, the gross profit of the manufacturing business decreased by 7.8% to US\$1,030.0 million, with the gross profit margin of the manufacturing business decreasing by 1.7 percentage points to 18.2% as compared to the previous year. This decrease was 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 and capacity ramp-ups, which together placed pressure on direct labor costs and production overheads for the Year.

Cost of Goods Sold Analysis – Manufacturing Business

	For the year ended December 31,				change %
	2025		2024		
	<i>US\$ million</i>	<i>%</i>	<i>US\$ million</i>	<i>%</i>	
Main Material Costs	2,002.8	43.4	2,006.2	44.5	(0.2)
Direct Labor Costs & Production Overheads	<u>2,615.5</u>	<u>56.6</u>	<u>2,497.5</u>	<u>55.5</u>	4.7
Total Cost of Goods Sold	<u>4,618.3</u>	<u>100.0</u>	<u>4,503.7</u>	<u>100.0</u>	2.5

For Pou Sheng, its gross profit margin was 33.5% during the Year under review, a decrease of 0.7 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.

The Group’s selling and distribution expenses for 2025 decreased by 6.9% to US\$780.5 million (2024: US\$838.2 million), equivalent to approximately 9.7% (2024: 10.2%) of revenue.

Administrative expenses for 2025 increased by 1.6% to US\$562.2 million (2024: US\$553.4 million), equivalent to approximately 7.0% (2024: 6.8%) of revenue.

Total selling and distribution expenses and administrative expenses for 2025 decreased by 3.5% to US\$1,342.7 million, equivalent to approximately 16.7% (2024: 17.0%) of revenue.

Other income for 2025 decreased by 12.8% to US\$107.0 million (2024: US\$122.7 million), equivalent to approximately 1.3% (2024: 1.5%) of revenue. Other expenses decreased by 12.0% to US\$156.2 million (2024: US\$177.4 million), equivalent to approximately 1.9% (2024: 2.2%) of revenue. Other expenses for 2024 included US\$12.3 million in administrative penalties related to tax disputes involving subsidiaries of the Company in Indonesia (“Tax Disputes”). In light of developments in the adjudication of the Tax Disputes, US\$8.9 million of these penalties had been reversed as of the end of 2025.

As a result, the Group’s net operating expenses for the Year decreased by US\$54.4 million to US\$1,391.9 million, equivalent to approximately 17.3% (2024: 17.7%) of revenue.

Product Development

During the Year under review, the Group spent US\$145.9 million (2024: US\$142.2 million) on product development, including investments in product shaping, sampling and digitalization, technological upgrades and process engineering, as well as initiatives to enhance production efficiency. In accordance with the R&D requirements of its major brand customers, the Group has established dedicated, independent product-development centers for each customer, ensuring effective integration of product design and development processes. The Group is committed to incorporating innovation, technology and sustainable materials into its product development, and to cooperating with its customers to implement digital transformation that enhances efficiency in development, production processes and lead times, while producing best-quality footwear for world-renowned brand customers with high standards.

Finance Costs and Tax Expense

In the Year under review, interest paid on bank and other borrowings amounted to US\$44.6 million (2024: US\$52.8 million) and finance costs on lease liabilities amounted to US\$8.3 million (2024: US\$9.9 million).

Income tax expense for the Year amounted to US\$70.4 million, reflecting the reversal of US\$20.4 million in income tax expense related to the Tax Disputes as of the end of 2025. Excluding the reversal, income tax expense for the Year amounted to US\$90.8 million on profit before taxation of US\$456.9 million, resulting in an effective tax rate of 19.9% (2024: 20.4% excluding the Tax Disputes).

In regards to the Tax Disputes in Indonesia, as at December 31, 2025, the two Indonesian Subsidiaries of the Group had paid the Disputed Taxes in full, amounting to US\$109.0 million in total. As at December 31, 2025, US\$39.8 million and US\$58.0 million were recognized as tax recoverable and other receivable related to Tax Disputes, respectively, in the consolidated statement of financial positions. The details of the Tax Disputes can be seen in Note 5 to the consolidated financial statements in this announcement.

Recurring Profit Attributable to Owners of the Company

During the Year under review, the Group recognized a non-recurring profit attributable to owners of the Company of US\$14.3 million, as compared to US\$13.8 million recognized in the previous year. This included a one-off gain on the disposal/partial disposal of associates totaling US\$13.8 million. The non-recurring profit recognized in the previous year included a one-off gain on the partial disposal of associates and gain on deemed disposal of an associate totaling US\$31.5 million, which was largely offset by a combined loss of US\$11.3 million due to fair value changes on financial instruments at fair value through profit or loss and fair value changes on investment properties (net of tax), and a combined impairment loss of US\$6.6 million on interests in a joint venture and an associate.

Excluding all items of non-recurring in nature, the recurring profit attributable to owners of the Company for the Year was US\$366.8 million, representing a decrease of 3.1% compared with US\$378.6 million for the previous year.

Liquidity, Financial Resources, Capital Structure and Others

Cash Flow

In 2025, the Group recorded net cash generated from operating activities (net of tax) of US\$591.2 million (2024: US\$537.1 million). Free cash inflow fell to US\$265.3 million (2024: US\$325.8 million), partially due to payments recognized during the Year for projects settled in the previous year, resulting in a significant increase in capital expenditure. Net cash used in investing activities amounted to US\$310.6 million (2024: US\$58.5 million), while net cash used in financing activities was US\$409.7 million (2024: US\$631.0 million). The overall net decrease in cash and cash equivalents amounted to US\$129.1 million (2024: US\$152.4 million).

Financial Position and Liquidity

The Group's financial position remained solid. As at December 31, 2025, the Group had bank balances and cash of US\$851.2 million* (December 31, 2024: US\$943.2 million) and total bank borrowings of US\$788.7 million (December 31, 2024: US\$757.3 million). The Group's gearing ratio (total bank borrowings to total equity) was 15.4% (December 31, 2024: 15.4%). As at December 31, 2025, the Group had net cash of US\$62.5 million (December 31, 2024: US\$185.9 million). As at December 31, 2025, the Group had current assets of US\$3,865.1 million (December 31, 2024: US\$3,844.9 million) and current liabilities of US\$1,819.2 million (December 31, 2024: US\$1,769.8 million). The current ratio was 2.1 as at December 31, 2025 (December 31, 2024: 2.2).

* *Ending bank balances and cash as at December 31, 2025 included bank deposits with original maturity over three months which amounted to US\$217.3 million (December 31, 2024: US\$186.3 million).*

Funding and Capital Structure

The Group principally meets its current and future working capital, capital expenditure and other investment requirements through a combination of funding sources, including cash flows from operations and bank borrowings. With regard to the choice of debt versus equity financing, which would thus affect its capital structure, the Group will consider the impact on its weighted average cost of capital and its leverage ratio, etc., with an aim of lowering the weighted average cost of capital while maintaining its gearing ratio at a comfortable level. In line with the growing sustainable financing trend, the Group also arranged some of its financing activities with banks that incorporate ESG elements.

The Group used debt financing mostly by means of bank loans. In terms of the maturity profile of loans, most of the bank loans for the Group's manufacturing business were long-term committed facilities that partly meet the funding needs of its capital expenditures and long-term investments. Short-term revolving loan facilities were also utilized regularly for daily working capital purposes. At present, the Group maintains an abundant level of bank facilities to meet its working capital needs. As of December 31, 2025, no assets of the Group were pledged to secure banking facilities, while around 63% of the Group's total bank borrowings were long-term bank loans.

Almost all of the bank borrowings of the Group relating to its manufacturing business are in USD. The Group's cash holdings in relation to its manufacturing business are held in USD and also in the local currencies (e.g. VND, IDR, RMB) of the various countries where its production facilities are located for daily operation purposes.

All of the Group's bank borrowings relating to its manufacturing business are on a floating rate basis.

Capital Expenditure

In 2025, the Group's overall capital expenditure reached US\$325.9 million (2024: US\$211.3 million). The capital expenditure for its manufacturing business increased to US\$292.0 million (2024: US\$159.8 million), partially due to payments recognized during the Year for projects settled in the previous year. The Group continued to pursue the strategic expansion and optimization of its manufacturing capacity, along with focused investments in digital transformation to drive manufacturing excellence.

In 2025, capital expenditure for Pou Sheng decreased to US\$33.9 million (2024: US\$51.5 million). Pou Sheng maintained its retail refinement strategy, which adopts a selective approach to opening and upgrading experience-driven retail stores, further advancing its long-term digital transformation strategy and optimizing its SAP ERP system.

Significant Investments Held and Future Plans for Material Investments or Capital Assets

During the Year under review, the Group did not undertake any significant investments or material acquisitions/disposals. Apart from investments for operation purposes which are made in the ordinary and usual course of business, according to the Company's announcement dated April 17, 2023, the Group has entered into a memorandum of understanding with the Tamil Nadu Government in India, under which an indirect wholly-owned subsidiary of the Company will invest approximately 23 billion Rupees (equivalent to approximately US\$276 million) in phases in an investment project to establish a manufacturing base in a special economic zone in India. This investment project will be funded by the internal resources of the Group and/or bank borrowings, if necessary. During the Year, construction work for the project progressed in an orderly manner. The timeline for completion and production ramp-up will depend on various

factors, including but not limited to government approvals, operational conditions and future demand from the Group's brand customers. All major developments will be disclosed in a timely manner in accordance with regulations.

The Group currently has no plans for acquiring assets.

The Group may explore potential opportunities to invest for its sustainable growth from time to time may have other plans for making material investments or acquiring capital assets in the future.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not undertake material acquisitions or disposals of subsidiaries, associates and joint ventures in 2025.

Contingent Liabilities

The Group has provided guarantees to banks in respect of banking facilities granted to joint ventures and an associate, the detail of which can be seen in Note 11 to the consolidated financial statements in this announcement.

Foreign Exchange Exposure

All revenues from the manufacturing business are denominated in US dollars. The majority of material and component costs are paid in US dollars, while expenses incurred locally are paid for in the local currency i.e. wages, utilities, and local regulatory fees. A certain portion of VND and IDR exposure is partly hedged with forward contracts.

For the Group's retail business in the Greater China region, the majority of its revenues are denominated in RMB. Correspondingly, almost all expenses are also denominated in RMB. For the retail business outside mainland China, both revenues and expenses are denominated in local currencies.

Share of Results of Associates and Joint Ventures

In 2025, the share of results of associates and joint ventures was a combined profit of US\$69.9 million, compared to a combined profit of US\$78.4 million in the previous year.

Dividends

The Board has resolved to declare a final dividend of HK\$0.90 per share (2024: HK\$0.90 per share) for shareholders whose names appear on the register of members of the Company on Monday, June 8, 2026. The final dividend shall be paid on Tuesday, June 23, 2026. Together with the interim dividend, the total dividend for the Year would be HK\$1.30 per share (2024: HK\$1.30 per share), representing the dividend payout ratio of 70%.

The Group's commitment to upholding a long-term and relatively steady dividend level remains intact. The determination to pay dividends and level of dividend to be distributed is subject to the discretion of the Board in accordance with the Company's dividend policy.

Employees

As at December 31, 2025, the Group had approximately 294,900 employees employed across all regions in which it operates, an increase of 3.3% as compared to approximately 285,500 employees employed as at December 31, 2024. The Group's manufacturing business employed approximately 276,800 employees, an increase of 4.3%, while Pou Sheng employed around 18,100 employees, a decrease of 9.5%.

The Group believes that employees are important assets and applies a holistic approach to the recruitment, employment, training, and retention of employees.

The Group employs a competitive remuneration scheme and provides comprehensive employee benefits, including insurance coverage, maternity support and retirement plans, in line with the relevant laws and regulations applicable to each of its operating locations. The remuneration of each employee is determined based on their responsibilities, competencies and skills, experience, and performance, and is benchmarked against prevailing market pay levels. The Group also sets aside a certain percentage of its profits, according to the annual performance, as year-end bonuses to reward employees' contributions and work enthusiasm, and allow them to share in the operating results.

The Group is dedicated to fostering a diverse workplace and a corporate culture that prioritizes diversity, equity, and inclusion among employees. All recruitment, remuneration, benefits, development, and promotion decisions are made under the principle of meritocracy, based on candidates' qualifications, experience, skills, potential and performance, and taking into account of the positive impact of talent diversity.

The Group fosters leadership and professional talent through a systematic, diversified and comprehensive training and development mechanism, strengthening a competitive advantage in human capital and laying a solid foundation for its sustainable development.

As the first and only FLA-accredited footwear supplier globally, the Group is committed to abiding by the FLA Workplace Code of Conduct and the Principles of Fair Labor & Responsible Production. It actively participates in FLA initiatives – such as the Fair Compensation project – demonstrating its commitment to upholding high labor rights standards.

Prospects

Despite mounting global economic headwinds, the Group remains optimistic about the long-term prospects of the sports industry. It will continue to solidify its role as a strategic supplier and strengthen its high-end footwear development capabilities, while deepening its enduring partnerships with leading international brands.

Looking ahead to 2026, the operational environment remains unsettled. Reciprocal tariff-related challenges, inflation pressures and macroeconomic trajectory uncertainties may continue to weaken consumer momentum, while regional conflicts could also disrupt shipping logistics and the stability of raw material supply. Multiple factors may lead to volatile sentiment, with near-term order demand expected to continue fluctuating. The Group also expects seasonal scheduling challenges for production in the first quarter of 2026 arising from the overlap of the Lunar New Year and Ramadan. To mitigate the related impact, the Group has coordinated its order pacing as far as practicable, although this may still result in uneven production leveling and temporary inefficiencies due to production bottlenecks and demand volatility.

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. The Group's new manufacturing facility in Central Java, Indonesia, commenced operations in the third quarter of 2025, while the construction of its new factory in India is progressing in an orderly manner. Going forward, the Group will flexibly adjust its ramp-up and production commencement plans in line with demand from its brand customers. To safeguard its production efficiency, the Group will continue to prioritize responsiveness as its core guiding principle and implement a comprehensive plan that includes disciplined workforce planning and capacity expansion schedules, thereby better balancing demand with its order pipeline and labor supply.

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 and build a product mix with stronger niche advantages. In addition, the lineup of major international sporting events in 2026, including the FIFA World Cup, the Asian Games and the Winter Olympics, will further elevate global interest in sports and wellness, laying a long-term demand foundation for related industries and sectors.

In addition, the Group will further deepen the application of its rolled-out SAP ERP system and One Common Platform (“OCP”) and will continue to upgrade both systems to further strengthen its framework for manufacturing excellence and sustainable corporate operating capabilities. By integrating its Manufacturing Execution System (“MES”) and by continuously broadening the application of its Digital Reporting System (“DRS”), the Group is committed to building a comprehensive manufacturing site visualization management module to monitor the real-time data indicators of key equipment. Complemented by the introduction of AI agents, this will optimize its capabilities in dynamic production allocation management, while enhancing responsiveness, enabling the Group to better navigate the fast-moving market and operational environment. This includes meeting increased demand from brand customers for greater versatility and flexibility, more efficient turnaround times, on-time delivery, end-to-end capabilities and most importantly, ESG-centric management.

With the retail environment across Greater China remaining dynamic and highly promotional, the Group’s retail subsidiary, Pou Sheng, will continue to advance its retail refinement strategy – dynamically managing its brick and mortar and online channels footprint, diversifying its channel mix, strengthening its business portfolio and broadening its category offerings – while maintaining its unwavering commitment to build an integrated one-stop retail operation.

Looking to the future, the Group will uphold its long-time commitment to safeguard and strengthen its core operational strengths, while ensuring the continued delivery of unparalleled, comprehensive solutions to its brand partners. By embracing this forward-looking approach, the Group will further elevate its superior market positioning and leadership, while reinforcing its long-term profitability to deliver sustainable returns and create value for shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities including sale of treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”)) except that the trustee of the share award scheme of the Company (the “Share Award Scheme”) purchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) a total of 2,180,000 shares of the Company (“Shares”) at a total consideration of approximately HK\$28,797,312.77 (equivalent to approximately US\$3,705,000) pursuant to the terms of the rules and trust deed of the Share Award Scheme. As at December 31, 2025 and up to the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System or otherwise).

CORPORATE GOVERNANCE

During the Year, the Company has applied the principles of and complied with all applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code for the Year.

The Company’s relevant employees, who are likely to be in possession of unpublished inside information, have been requested to comply with internal guidelines that are similar to those terms in the Model Code. No incident of non-compliance by relevant employees was noted for the Year.

REVIEW OF ACCOUNTS

The audit and risk management committee of the Company has reviewed with the management and the external auditor, Messrs. Deloitte Touche Tohmatsu (the “External Auditor”), the Group’s consolidated financial statements for the Year and accounting principles and practices adopted by the Group and has discussed auditing, risk management and internal controls, financial reporting matters.

SCOPE OF WORK OF THE EXTERNAL AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at December 31, 2025, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the External Auditor to the amounts set out in the audited consolidated financial statements of the Group for the Year as approved by the Board on March 11, 2026. The work performed by the External Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the External Auditor on this announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (“2026 AGM”) will be held at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, May 22, 2026. The notice of 2026 AGM will be published and issued to shareholders of the Company (“Shareholders”) in due course.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at 2026 AGM

For determining the entitlement of the Shareholders to attend and vote at 2026 AGM (“Entitlement to 2026 AGM”), the register of members of the Company (“Register of Members”) will be closed from Monday, May 18, 2026 to Friday, May 22, 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in

Hong Kong, Tricor Investor Services Limited (“Branch Share Registrar”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, May 15, 2026. The record date for the Entitlement to 2026 AGM will be on Monday, May 18, 2026.

Entitlement to the proposed final dividend

For determining the entitlement of the Shareholders to the proposed final dividend (“Entitlement to Final Dividend”), the Register of Members will be closed from Monday, June 8, 2026 to Wednesday, June 10, 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to be qualified for the proposed final dividend payable on Tuesday, June 23, 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, June 5, 2026. The record date for the Entitlement to Final Dividend will be Monday, June 8, 2026.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.yueyuen.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company will be available on the above websites in due course.

ACKNOWLEDGMENT

I would like to take this opportunity to express our sincere appreciation of the support from our customers, suppliers and Shareholders. I would also like to thank my fellow Directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout last year.

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

Hong Kong, March 11, 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