

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yue Yuen Industrial (Holdings) Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GENERAL MANDATES TO ISSUE AND
TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at 2:00 p.m. on Monday, June 4, 2018 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages 14 to 17 in this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 2:00 p.m. on Saturday, June 2, 2018 (Hong Kong Time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting, or any adjournment thereof, should you so wish.

* For identification purpose only

April 23, 2018

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DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 2:00 p.m. on Monday, June 4, 2018 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, notice of which is set out on pages 14 to 17 in this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Yue Yuen Industrial (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Issue Mandate”	a general and unconditional mandate authorising the Directors to issue Shares as described in the section headed “Proposed General Mandates to Issue and to Repurchase Shares”
“Latest Practicable Date”	April 13, 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PCC”	Pou Chen Corporation, a company listed on the TSE holding approximately 49.99% in the issued share capital of the Company as at the Latest Practicable Date
“Pou Sheng”	Pou Sheng International (Holdings) Limited, a company incorporated in Bermuda with limited liability and a non wholly-owned subsidiary of the Company, whose ordinary shares are listed on the main board of the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate authorising the Directors to repurchase Shares as described in the section headed “Proposed General Mandates to Issue and to Repurchase Shares”

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TSE”	Taiwan Stock Exchange
“Wealthplus”	Wealthplus Holdings Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of PCC
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent



YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED

裕元工業(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00551)

Board of Directors:

Executive Directors:

Lu Chin Chu (*Chairman*)

Tsai Pei Chun, Patty (*Managing Director*)

Chan Lu Min

Lin Cheng-Tien

Tsai Ming-Lun, Ming

Hu Chia-Ho

Liu George Hong-Chih

Hu Dien Chien

Independent Non-executive Directors:

Leung Yee Sik

Huang Ming Fu

Chu Li-Sheng

Yen Mun-Gie (also known as Teresa Yen)

Hsieh Yung Hsiang (also known as Alfred Hsieh)

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

22nd Floor

C-Bons International Center

108 Wai Yip Street

Kwun Tong

Kowloon, Hong Kong

April 23, 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GENERAL MANDATES TO ISSUE AND
TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions to be proposed at the AGM for the approval of, *inter alia*, the following matters:

- (a) re-election of retiring Directors; and
- (b) the grant of the Issue Mandate and Repurchase Mandate to the Directors to issue new Shares and repurchase Shares.

* For identification purpose only

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 87 of the Bye-laws, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho, Mr. Leung Yee Sik, Mr. Chu Li-Sheng and Ms. Yen Mun-Gie (also known as Teresa Yen) will retire by rotation and except for Mr. Leung Yee Sik, having served the Company for more than 9 years, and Mr. Chu Li-Sheng, who have both informed the Company that they will not offer themselves for re-election due to their other commitments, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Ms. Yen Mun-Gie (also known as Teresa Yen), being eligible, proposed to offer themselves for re-election at the forthcoming AGM.

Each of Mr. Leung Yee Sik and Mr. Chu Li-Sheng confirmed that he has no disagreement with the Board and there is no matter which needs to be brought to the attention of the Shareholders in relation to his retirement.

In accordance with Bye-law 86(2) of the Bye-laws, Mr. Wong Hak Kun who was appointed to fill casual vacancy of the Board (the effective date of appointment will be on June 1, 2018) shall hold office until the forthcoming AGM and will then be eligible for re-election at the forthcoming AGM.

3. RECOMMENDATIONS OF THE NOMINATION COMMITTEE

On March 23, 2018, the nomination committee of the Company nominated and the Board recommended the retiring Directors, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho, Mr. Wong Hak Kun and Ms. Yen Mun-Gie (also known as Teresa Yen) to stand for re-election as Directors at the AGM. As good corporate governance practice, each of Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Ms. Yen Mun-Gie (also known as Teresa Yen) abstained from voting on the respective propositions of their recommendations for re-election by Shareholders.

The nomination committee of the Company is also responsible for, inter alia, assessing the independence of independent non-executive Directors. On March 23, 2018, the nomination committee of the Company assessed and reviewed the individual independent non-executive Director's annual written confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and affirmed that all independent non-executive Directors, including Mr. Leung Yee Sik, Mr. Huang Ming Fu, Mr. Chu Li-Sheng, Ms. Yen Mun-Gie (also known as Teresa Yen) and Mr. Hsieh Yung Hsiang (also known as Alfred Hsieh) remained independent. Mr. Wong Hak Kun, an independent non-executive director (the effective date of his appointment will be on June 1, 2018) had also signed the written confirmation of independence, which had been reviewed and affirmed by the nomination committee of the Company.

Pursuant to Rule 13.74 of the Listing Rules, particulars of Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho, Mr. Wong Hak Kun and Ms. Yen Mun-Gie (also known as Teresa Yen) are set out in Appendix I to this circular.

LETTER FROM THE BOARD

4. PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the last annual general meeting of the Company held on May 26, 2017, the Directors were granted a general mandate to allot and issue Shares and a general mandate to repurchase Shares. These mandates will expire at the conclusion of the AGM.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of the following new general mandates to the Directors:

- (a) the Issue Mandate to allot, issue or deal with Shares up to a maximum of 10% of the number of the Shares in issue as at the date of passing such resolution (i.e. a maximum amount of 164,850,198 Shares) on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting;
- (b) the Repurchase Mandate to repurchase Shares on the Stock Exchange up to a maximum of 10% of the number of the Shares in issue as at the date of passing such resolution (i.e. a maximum amount of 164,850,198 Shares) on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting;
- (c) to extend the Issue Mandate (the "Extension") by an amount equal to the number of the Shares repurchased pursuant to the Repurchase Mandate.

The explanatory statement to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution concerning the Repurchase Mandate as required by the Listing Rules is set out in Appendix II to this circular.

5. RECOMMENDATIONS

The Directors consider that the re-election of retiring Directors, the grant of the Issue Mandate, the Repurchase Mandate and the Extension are in the best interest of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favor of all resolutions to be proposed at the Annual General Meeting.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

Notice of the Annual General Meeting is set out in pages 14 to 17 in this circular.

A form of proxy at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 2:00 p.m. on Saturday, June 2, 2018 (Hong Kong Time), or not less than 48 hours before the time for holding the adjourned meeting (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting in person at the Annual General Meeting, or any adjournment thereof, should you so wish.

LETTER FROM THE BOARD

7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the Annual General Meeting will therefore demand voting on the resolutions set out in the notice of the Annual General Meeting be taken by way of poll.

Pursuant to Bye-law 66(1) of the Bye-laws, on a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every full paid Share held. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

After the conclusion of the Annual General Meeting, the poll results will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.yueyuen.com).

8. RESPONSIBILITY OF DIRECTORS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

9. GENERAL

Your attention is drawn to the additional information set out in Appendix I (Particulars of Directors Subject to Re-election) and Appendix II (Explanatory Statement of the Repurchase Mandate) to this circular.

Yours faithfully,
For and on behalf of
Yue Yuen Industrial (Holdings) Limited
Lu Chin Chu
Chairman

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Pursuant to the Listing Rules, particulars of retiring Directors subject to re-election at the AGM according to the Bye-laws and will be proposed to be re-elected at the AGM are set out below:

EXECUTIVE DIRECTORS

Mr. Lin Cheng-Tien (“Mr. Lin”)

Mr. Lin Cheng-Tien, aged 58, graduated from South Fields College, United Kingdom majoring in shoe manufacturing. He joined the Group in 1990 and is a senior executive vice president of the Group responsible for the production, sales and marketing of certain footwear brand customers of the Group. He was the head of a business unit of the Group and is the head of an Academy of the Group. Mr. Lin was appointed as an executive director of the Company on March 20, 2015. He is also a director of certain subsidiaries of the Company. Mr. Lin has more than 27 years of experience in the footwear sector. Prior to joining the Group, Mr. Lin had worked with a renowned footwear manufacturing company in Taiwan responsible for the business and development of different brands. Save as disclosed above, Mr. Lin did not hold other positions in any members of the Group and did not hold any directorship in other listed public companies in the last three years up to the Latest Practicable Date.

Save as disclosed above, Mr. Lin does not have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lin personally holds 45,000 Shares within the meaning of Part XV of the SFO.

Mr. Lin entered into a service agreement with the Company for a term of three years commencing from March 20, 2015. Mr. Lin’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Mr. Lin’s remuneration as a Director has been recommended by the remuneration committee of the Company and approved by the Board at an annual amount of HK\$720,000 (equivalent to approximately US\$93,000) for the year ended December 31, 2017 with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the remuneration committee of the Company. Among such amount, nil is covered by the service agreement. Mr. Lin has entered into a new service agreement with the Company for a term of three years commencing from March 20, 2018, under which his remuneration is nil per annum. Mr. Lin’s final remuneration as a Director will be recommended by the remuneration committee of the Company and approved by the Board with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

There is no information which is required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There is no other matter that needs to be brought to the attention of the Shareholders in respect of Mr. Lin’s re-election.

Mr. Hu Chia-Ho (“Mr. Hu”)

Mr. Hu Chia-Ho, aged 49, graduated from the University of Wisconsin, Madison, the United States of America with a Master’s degree of Science. He joined PCC in 1997 and is the head of the Human Resources Department of PCC. Mr. Hu was appointed as an executive director of the Company on March 20, 2015. He has extensive experiences in human resources management and business development. Prior to joining PCC, Mr. Hu had worked with Citibank Taiwan and was responsible for corporate financing and the related businesses. Save as disclosed above, Mr. Hu did not hold other positions in any members of the Group and did not hold any directorship in other listed public companies in the last three years up to the Latest Practicable Date.

Save as disclosed above, Mr. Hu does not have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Hu is interested in 78,000 Shares within the meaning of Part XV of the SFO.

Mr. Hu entered into a service agreement with the Company for a term of three years commencing from March 20, 2015. Mr. Hu’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Mr. Hu’s remuneration as a Director has been recommended by the remuneration committee of the Company and approved by the Board at an annual amount of HK\$480,000 (equivalent to approximately US\$62,000) for the year ended December 31, 2017 with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the remuneration committee of the Company. Such amount is fully covered by the service agreement. Mr. Hu has entered into a new service agreement with the Company for a term of three years commencing from March 20, 2018, under which his remuneration is HK\$480,000 (equivalent to approximately US\$62,000) per annum. Mr. Hu’s final remuneration as a Director will be recommended by the remuneration committee of the Company and approved by the Board with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the remuneration committee of the Company.

There is no information which is required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There is no other matter that needs to be brought to the attention of the Shareholders in respect of Mr. Hu’s re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Hak Kun (“Mr. Wong”)

Mr. Wong, aged 61, graduated from The University of Hong Kong with a Bachelor Degree in Social Sciences. He is a member of Hong Kong Institute of Certified Public Accountants. He is also a member of Association of Chartered Certified Accountants, Chartered Institute of Management Accountants as well as Institute of Chartered Secretaries and Administrators. Mr. Wong has been appointed as an independent non-executive director of the Company, the chairman of the audit committee and the chairman of the remuneration committee of the Company with effect from June 1, 2018. Mr. Wong has over 36 years of audit, assurance and management experiences with Deloitte China, of which he was a partner since 1992. Mr. Wong also served as a member of Deloitte China’s Governance Board from years 2000 to 2008. Prior to his retirement from Deloitte China in May 2017, he was the Managing Partner of Deloitte China’s Audit and Assurance practice. Save as disclosed above, Mr. Wong did not hold other position in any members of the Group and did not hold any directorship in other listed public companies in the last three years up to the Latest Practicable Date.

Save as disclosed above, Mr. Wong does not have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Wong is not interested in the Shares within the meaning of Part XV of the SFO.

Mr. Wong entered into an appointment letter with the Company for a term of three years commencing from June 1, 2018. Mr. Wong’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. The director fee for Mr. Wong has been recommended by the remuneration committee of the Company and approved by the Board at an annual amount of HK\$278,800 (equivalent to approximately US\$36,000) with reference to the Company’s profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company. Such amount is fully covered by the appointment letter.

There is no information which is required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There is no other matter that needs to be brought to the attention of the Shareholders in respect of Mr. Wong’s re-election.

Ms. Yen Mun-Gie (also known as Teresa Yen) (“Ms. Yen”)

Ms. Yen Mun-Gie (also known as Teresa Yen), aged 48, holds an undergraduate degree from University of California at Berkeley and a Master’s Degree in Business Administration from University of Southern California, Marshall School of Business. Ms. Yen was appointed as an independent non-executive director of the Company on November 28, 2012. Ms. Yen is a member of the audit committee, remuneration committee and nomination committee of the Company. Ms. Yen was a non-executive director of HKC (Holdings) Limited, a company listed on the main board of the Stock Exchange, between October 3, 2007 and May 8, 2015. She is a managing partner of Radiant Capital (“Radiant”), a Northeast Asia focused real estate investment firm. Prior to Radiant, she had been a senior advisor to Cerberus Asia Capital Management, LLC., for 12 years. She worked with KPMG real estate consulting, Sumitomo Bank, Long-Term Credit Bank of Japan and Heller Financial. Save as disclosed above, Ms. Yen did not hold other positions in any members of the Group and did not hold any directorship in other listed public companies in the last three years up to the Latest Practicable Date.

Save as disclosed above, Ms. Yen does not have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Yen is not interested in the Shares within the meaning of Part XV of the SFO.

Ms. Yen entered into an appointment letter with the Company for a term of three years commencing from March 20, 2015. Ms. Yen’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. The director’s fee for Ms. Yen has been recommended by the remuneration committee of the Company and approved by the Board at an annual amount of HK\$271,320 (equivalent to approximately US\$35,000) for the year ended December 31, 2017 with reference to the Company’s profitability and the remuneration policy and guidelines adopted by the remuneration committee of the Company. Such amount is fully covered by the appointment letter. Ms. Yen has entered into a new appointment letter with the Company for a term of three years commencing from March 20, 2018, under which her director fee is HK\$271,320 (equivalent to approximately US\$35,000) per annum.

There is no information which is required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There is no other matter that needs to be brought to the attention of the Shareholders in respect of Ms. Yen’s re-election.

This appendix contains information required under the Listing Rules to be included in an explanatory statement to accompany the notice of a general meeting at which a resolution in relation to the repurchase by the Company of its own Shares. Its purpose is to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate at the AGM.

REPURCHASE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to approve the Repurchase Mandate. Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the number of the Shares in issue on the date the resolution granting the Repurchase Mandate is passed. As at the Latest Practicable Date, there were in issue an aggregate of 1,648,501,986 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, would accordingly result in up to 164,850,198 Shares being repurchased by the Company.

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction. The Shares to be repurchased must be fully paid up.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and Bye-laws and the applicable laws in Bermuda. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares, funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose and, in the case of any premium payable on such repurchase, from funds of the Company otherwise available for dividend or distribution or from the Company's share premium account.

(d) Impact of repurchases

There might be a material adverse impact on the working capital requirements of the Company or the gearing level (as compared with the position disclosed in the audited financial statements of the Company for the year ended December 31, 2017 as set out in the Company's 2017 annual report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(e) Takeovers Code

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Should the Directors exercise the proposed Repurchase Mandate in full, on the basis that the shareholding as at the Latest Practicable Date remains the same, the shareholding of a substantial shareholder, PCC, holding 824,143,835 Shares, representing approximately 49.99% of the issued share capital of the Company, would be increased to approximately 55.55% of the reduced issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(f) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is approved by the Shareholders.

(g) Share prices

The highest and lowest prices at which for the Shares were traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

	Per share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2017		
April	33.50	30.35
May	33.95	30.70
June	32.40	31.00
July	33.35	31.25
August	34.90	31.60
September	35.30	28.65
October	31.90	29.20
November	32.70	27.40
December	31.50	27.60
2018		
January	38.40	29.90
February	36.15	31.95
March	34.60	29.50
April*	31.70	23.80

* *Up to and including the Latest Practicable Date*

(h) Share repurchases made by the Company

During the six months preceding the Latest Practicable Date, the Company has repurchased a total of 7,006,500 Shares on the Stock Exchange. Particulars of the repurchases are as follows:

Date of repurchase	No. of Shares repurchased	Highest price paid	Lowest price paid	Total paid
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
November 30, 2017	374,500	27.80	27.65	10,395,525.00
December 1, 2017	52,000	28.00	28.00	1,456,000.00
April 13, 2018	6,580,000*	24.65	23.95	160,062,250.00
Total:	7,006,500			171,913,775.00

* *Not yet cancelled*

Save as disclosed above, the Company has not purchased, sold or redeemed any of the Shares (whether on the Stock Exchange or otherwise) in the previous six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED

裕元工業(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00551)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Yue Yuen Industrial (Holdings) Limited (the “Company”) will be held at 2:00 p.m. on Monday, June 4, 2018 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended December 31, 2017.
2. To declare a final dividend of HK\$1.10 per share for the year ended December 31, 2017.
3. To re-elect directors and to authorize the board of directors to fix their remuneration.
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration.

ORDINARY RESOLUTIONS

5. And as special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions:

A. “That:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period (as defined below);

* For identification purpose only

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- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (as defined below) or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 10% of the number of the shares of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiry of the period within which the next annual general meeting of the Company is required to be held under the laws of Bermuda or the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

B. “That:

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

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- (b) the aggregate number of shares of the Company purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10% of the number of the shares of the Company in issue as at the date of passing this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiry of the period within which the next annual general meeting of the Company is required to be held under the laws of Bermuda or the Bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “That conditional upon the ordinary resolution designated “5B” in the notice of general meeting being passed (with or without amendments), the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in that resolution shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the ordinary resolution designated “5A” in the notice of general meeting of the Company.”

For and on behalf of
Yue Yuen Industrial (Holdings) Limited
Lu Chin Chu
Chairman

Hong Kong, April 23, 2018

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Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote in his/her stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, no later than 2:00 p.m. on Saturday, June 2, 2018 (Hong Kong Time), or not less than 48 hours before the time for holding the adjourned meeting (as the case may be).
- (2) **The register of members of the Company will be closed from Tuesday, May 29, 2018 to Monday, June 4, 2018, both dates inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, May 28, 2018 in order to establish the identity of the shareholders who are entitled to attend and vote at the AGM ("Entitlement to AGM"). The record date for the Entitlement to AGM will be on Tuesday, May 29, 2018.**
- (3) **The register of members of the Company will be closed from Monday, June 11, 2018 to Wednesday, June 13, 2018, both dates inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, June 8, 2018 in order to establish the identity of the shareholders who are entitled to qualify for the final dividend ("Entitlement to Final Dividend"). The record date for the Entitlement to Final Dividend will be on Monday, June 11, 2018.**
- (4) If a tropical cyclone warning signal No. 8 or above is hoisted or a black rainstorm warning signal is in force at or at any time after 11:00 a.m. on the date of the AGM, the AGM will be postponed and members will be informed of the date, time and venue of the postponed AGM by a supplementary notice, posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

The AGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

After considering their own situations, members should decide whether they would attend the AGM under bad weather condition and if they do so, they are advised to exercise care and caution.