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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 Friday, May 27, 2022 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages 18 to 21 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 54, 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 Wednesday, May 25, 2022 (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 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.

Subject to the development of the Novel Coronavirus (COVID-19) situation in Hong Kong and the restriction imposed by the Hong Kong Government on public gatherings, the Company may be required to change the meeting arrangements for the AGM at short notice. Shareholders are advised to check the Company's websites for further announcement(s) and update(s) on such arrangements and/or further special measures to be taken.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Please see pages 1 to 2 of this circular for measures being taken to prevent and control the spread of the COVID-19 at the Annual General Meeting, including:

- compulsory temperature checks
- submission of health declaration form
- wearing of surgical face masks
- no distribution of corporate gifts and no serving of refreshment

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue, at the Company's discretion to the extent permitted by law. The Company reminds Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the Annual General Meeting to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.3 degrees Celsius or have any symptoms of COVID-19 will be denied entry into the AGM venue or be required to leave the AGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the AGM venue a health declaration form confirming their names and contact details, and be asked whether they have travelled to, or to their best of knowledge, had close contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong at any time in the preceding 14 days, or are subject to any compulsory quarantine prescribed by the Hong Kong Government. Any person who responds affirmatively to any of these questions will be denied entry into the AGM venue or be required to leave the AGM venue.
- (iii) Every person is required to wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats.
- (iv) No corporate gifts will be distributed and no refreshment will be served.

To the extent permitted under law, the Company reserves the right to deny entry of any person into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In addition, the Company reminds Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person, by using form of proxy with voting instructions inserted.

Subject to the development of the COVID-19 situation in Hong Kong and the restriction imposed by the Hong Kong Government on public gatherings, the Company may be required to change the meeting arrangements for the AGM at short notice. Shareholders are advised to check the Company's websites for further announcement(s) and update(s) on such arrangements and/or further special measures to be taken.

The form of proxy is attached to the circular for shareholders who opt to receive physical circulars. Alternatively, the form of proxy can be downloaded from the Company's website at www.yueyuen.com. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

If Shareholders choosing not to attend the AGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via investor relations department as follows:

Investor Relations
Email: investor@yueyuen.com
Tel: 852 2370 5111
Fax: 852 2370 5108

If Shareholders have any questions relating to the AGM, please contact Tricor Secretaries Limited, the Company's branch share registrar in Hong Kong as follows:

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: 852 2980 1333
Fax: 852 2810 8185

DEFINITIONS

In this circular (including the Appendixes), unless the context otherwise requires, the following expressions have the following meanings:

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| “Annual General Meeting” or “AGM” | the annual general meeting of the Company to be held at 2:00 p.m. on Friday, May 27, 2022 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, notice of which is set out on pages 18 to 21 in this circular |
| “Board” | the board of Directors |
| “Bye-laws” | the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time |
| “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 from time to time |
| “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 8, 2022, 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 |
| “Nomination Committee” | the nomination committee of the Company |
| “PCC” | Pou Chen Corporation (Stock Code: 9904), a company listed on the TSE holding approximately 51.11% in the issued share capital of the Company as at the Latest Practicable Date |
| “Pou Sheng” | Pou Sheng International (Holdings) Limited (Stock Code: 3813), 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 |

DEFINITIONS

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| “Remuneration Committee” | the remuneration committee of the Company |
| “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” |
| “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 |
| “Win Fortune” | Win Fortune Investments 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 |
| “NT\$” | New Taiwan dollars, the lawful currency of Taiwan |
| “%” | 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

Hu Chia-Ho

Liu George Hong-Chih

Yu Huan-Chang

Independent Non-executive Directors:

Wong Hak Kun

Ho Lai Hong

Lin Shei-Yuan

Chen Chia-Shen

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 19, 2022

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. Lu Chin Chu, Ms. Tsai Pei Chun, Patty, Mr. Liu George Hong-Chih and Mr. Ho Lai Hong will retire by rotation and, being eligible, proposed to offer themselves for re-election at the forthcoming AGM.

In accordance with Bye-law 86(2) of the Bye-laws, Mr. Lin Shei-Yuan who was appointed as an independent non-executive Director on November 12, 2021 to fill a casual vacancy of the Board shall hold office only until the forthcoming AGM and will then be eligible for re-election at the forthcoming AGM.

3. RECOMMENDATIONS OF THE NOMINATION COMMITTEE

On March 15, 2022, the Nomination Committee nominated and the Board recommended the retiring Directors, Mr. Lu Chin Chu, Ms. Tsai Pei Chun, Patty, Mr. Liu George Hong-Chih, Mr. Ho Lai Hong and Mr. Lin Shei-Yuan to stand for re-election as Directors at the AGM. As a good corporate governance practice, each of Mr. Lu Chin Chu, Ms. Tsai Pei Chun, Patty, Mr. Liu George Hong-Chih, Mr. Ho Lai Hong and Mr. Lin Shei-Yuan abstained from voting on the respective propositions of their recommendations for re-election by Shareholders.

The Nomination Committee is also responsible for, inter alia, assessing the independence of independent non-executive Directors. On March 15, 2022, the Nomination Committee assessed and reviewed each 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. Wong Hak Kun, Mr. Ho Lai Hong, Mr. Lin Shei-Yuan and Mr. Chen Chia-Shen remained independent.

The Nomination Committee identified Mr. Ho Lai Hong and Mr. Lin Shei-Yuan and considered their background against the selection criteria set out in the Company's Nomination Policy and the Company's Board Diversity Policy which includes a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

In view of Mr. Ho Lai Hong's professional qualifications, extensive experience in banking, corporate finance and management and profound knowledge of rules and regulations of relevant disciplines, and Mr. Lin Shei-Yuan's extensive experience in banking industry, the Nomination Committee considered that they could further replenish the professional knowledge of the Board and contribute to the diversity of the Board. The Nomination Committee is also of the view that Mr. Ho Lai Hong and Mr. Lin Shei-Yuan would bring to the Board their perspectives, skills and experience (as further described in their biography in Appendix I to this circular) and provide independent and balanced views to the Company's affairs.

The Nomination Committee therefore considered Mr. Ho Lai Hong and Mr. Lin Shei-Yuan to be suitable candidates and nominated them to the Board for its consideration.

LETTER FROM THE BOARD

Based on the nomination of the Nomination Committee, the Board, after reviewing the backgrounds of Mr. Ho Lai Hong and Mr. Lin Shei-Yuan and their independence respectively against the criteria as set out in Rule 3.13 of the Listing Rules, confirmed that they possess the competency and independence as required to be independent non-executive Directors. Therefore, the Board recommended Mr. Ho Lai Hong and Mr. Lin Shei-Yuan to stand for re-election as independent non-executive Directors at the AGM.

Pursuant to Rule 13.74 of the Listing Rules, the particulars of Mr. Lu Chin Chu, Ms. Tsai Pei Chun, Patty, Mr. Liu George Hong-Chih, Mr. Ho Lai Hong and Mr. Lin Shei-Yuan are set out in Appendix I to this circular.

4. PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the last annual general meeting of the Company held on May 28, 2021, 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 161,218,398 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 161,218,398 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 on 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.

LETTER FROM THE BOARD

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 interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of all the resolutions to be proposed at the Annual General Meeting.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out in pages 18 to 21 in this circular.

A form of proxy for 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 54, 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 Wednesday, May 25, 2022 (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.

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 fully 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).

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| LETTER FROM THE BOARD |
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8. RESPONSIBILITY OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained herein is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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

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. Lu Chin Chu (“Mr. Lu”)

Mr. Lu Chin Chu, aged 68, has been an executive Director and the chairman of the Company since March 26, 2014. Mr. Lu was an executive Director from February 15, 1996 to March 4, 2011. He is in charge of the management of the real estate of the Group, and is a director of certain subsidiaries of the Company. He joined PCC in 1977, and is the president of the real estate department of PCC. Mr. Lu is also the president and a director of PCC and he is involved primarily in board level and strategic issues. He is also a director of Wealthplus and Win Fortune. PCC, through Wealthplus and Win Fortune, has interests in the Shares which would need to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO. Mr. Lu has over 44 years of experience in the manufacturing of footwear and footwear materials, and holds a Master Degree in Business Administration from National Chung Hsing University in Taiwan. Mr. Lu was a non-executive director of Prosperous Industrial (Holdings) Limited from March 29, 2018 to March 31, 2020 and a non-executive director of Luen Thai Holdings Limited from September 17, 2007 to February 15, 2017, both companies being listed on the main board of the Stock Exchange. He is a director of San Fang Chemical Industry Co., Ltd. (“San Fang”) and was also a director of Evermore Chemical Industry Co., Ltd. from June 19, 2006 to January 16, 2018, both companies being listed on the TSE. Mr. Lu is involved in board level activities and is not engaged in the day-to-day management of San Fang. Save as disclosed above, Mr. Lu 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. Lu 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. Lu personally holds 256,000 Shares within the meaning of Part XV of the SFO. Besides, he personally holds 1,070,470 ordinary shares in PCC and is deemed to be interested in 73,300 ordinary shares in PCC through the interest of his spouse.

Mr. Lu entered into a service agreement with the Company for a term of three years commencing from March 26, 2020. Mr. Lu’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Mr. Lu’s remuneration as an executive Director has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$5,425,777 (equivalent to approximately US\$696,000) for the year ended December 31, 2021 with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the Remuneration Committee. Among such amount, nil is covered by the service agreement.

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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. Lu's re-election.

Ms. Tsai Pei Chun, Patty ("Ms. Tsai")

Ms. Tsai Pei Chun, Patty, aged 42, has served as an executive Director since January 18, 2005 with a focus on the Group's strategic planning and enterprise developments. She has been the managing director of the Company since June 28, 2013. She graduated from the Wharton School of the University of Pennsylvania in May 2002 with a Bachelor of Science Degree in Economics with a concentration in Finance and a College Minor in Psychology. She joined PCC in 2002. Ms. Tsai currently also serves as a non-executive director of Pou Sheng. She is also a director of PCC and Wealthplus. Both PCC and Wealthplus are companies having interests in the shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO. She previously served as a board director of Mega Financial Holding Company Limited, a company listed on the TSE. Save as disclosed above, Ms. Tsai 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. Tsai 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. Tsai is not interested in the Shares within the meaning of Part XV of the SFO and she personally holds 19,523,000 ordinary shares in Pou Sheng and personally holds 4,177,779 ordinary shares in PCC.

Ms. Tsai entered into a service agreement with the Company for a term of three years commencing from March 3, 2019. Ms. Tsai's appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Ms. Tsai's remuneration as an executive Director has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$1,952,054 (equivalent to approximately US\$251,000) for the year ended December 31, 2021 with reference to the Company's profitability, individual performance and the remuneration policy and guidelines adopted by the Remuneration Committee. Such amount is fully covered by the service agreement. Ms. Tsai has entered into a new service agreement with the Company for a term of three years commencing from March 3, 2022, under which she will not receive any director's fee but are entitled to a salary of HK\$780,000 and NT\$1,334,000 per annum plus discretionary bonus. Ms. Tsai's final remuneration (including her salary and discretionary bonus) will be recommended by the Remuneration Committee 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.

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. Tsai's re-election.

Mr. Liu George Hong-Chih (“Mr. Liu”)

Mr. Liu George Hong-Chih, aged 49, holds a Master of Business Administration Degree in Finance and Entrepreneurial Management from The Wharton School of University of Pennsylvania and Bachelor of Arts Degree in Economics and International Studies from Yale University. Mr. Liu joined the Company on April 29, 2013 and was appointed as an executive Director on June 28, 2013. He is also a director of certain subsidiaries of the Company. He is a vice president of PCC responsible for the business development and production management of certain major brands. Mr. Liu worked as a management consultant with Bain & Company in the U.S. and Beijing, China, after graduating from the university. Mr. Liu was with Morgan Stanley from 2000 to 2010 with primary responsibility in deal origination and execution and client coverage in Greater China. Mr. Liu last held the position of executive director with Morgan Stanley. In June 2010, Mr. Liu joined China International Capital Corporation as managing director and head of Hong Kong Investment Banking Department. Save as disclosed above, Mr. Liu 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. Liu 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. Liu is interested in 336,000 Shares within the meaning of Part XV of the SFO. Besides, he is deemed to be interested in 414,000 ordinary shares in Pou Sheng through the interest of his spouse.

Mr. Liu entered into a service agreement with the Company for a term of three years commencing from June 28, 2019. Mr. Liu’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Mr. Liu’s remuneration as an executive Director has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$5,195,438 (equivalent to approximately US\$667,000) for the year ended December 31, 2021 with reference to the Company’s profitability, individual performance and the remuneration policy and guidelines adopted by the Remuneration Committee. Such amount is fully covered by the service agreement. Mr. Liu has entered into a new service agreement with the Company for a term of three years commencing from June 28, 2022, under which he will not receive any director’s fee but are entitled to a salary of HK\$1,039,000 per annum plus discretionary bonus. Mr. Liu’s final remuneration (including his salary and discretionary bonus) will be recommended by the Remuneration Committee 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.

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. Liu’s re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Lai Hong (“Mr. Ho”)

Mr. Ho Lai Hong, aged 64, holds a Master of Business Administration Degree from The Hong Kong Polytechnic University. He is a fellow member of The Hong Kong Chartered Governance Institute and a fellow member of the Hong Kong Securities and Investment Institute. He is also a fellow and council member of the Hong Kong Institute of Directors. Mr. Ho was appointed as an independent non-executive director of the Company on May 24, 2019. Mr. Ho has over 30 years of corporate banking, corporate finance and management experiences with Mizuho Bank Ltd. Prior to his retirement from Mizuho Bank Ltd. in March 2018, he was the General Manager/Alternate Chief Executive of Mizuho Bank Ltd. Hong Kong Branch. Mr. Ho is currently an independent non-executive director of Leo Paper Group (Hong Kong) Ltd and used to be an independent non-executive director of Foshan Water Environmental Protection Co., Ltd. Save as disclosed above, Mr. Ho 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. Ho 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. Ho is not interested in the Shares within the meaning of Part XV of the SFO.

Mr. Ho entered into an appointment letter with the Company for a term of three years commencing from May 24, 2019. Mr. Ho’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. Ho has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$285,000 (equivalent to approximately US\$37,000) for the year ended December 31, 2021 with reference to the Company’s profitability and the remuneration policy and guidelines adopted by the Remuneration Committee. Such amount is fully covered by the appointment letter. Mr. Ho has entered into a new appointment letter with the Company for a term of three years commencing from May 24, 2022, under which his director fee is HK\$285,000 (equivalent to approximately US\$37,000) 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 Mr. Ho’s re-election.

Mr. Lin Shei-Yuan (“Mr. Lin”)

Mr. Lin Shei-Yuan, aged 59, obtained a Master of Business Administration degree from Boston University in 1992. Mr. Lin was appointed as an independent non-executive Director on November 12, 2021. Mr. Lin is a seasoned banker with 30 years of working experiences in the banking industry in Taiwan. He was the head of corporate and institutional banking of Australia and New Zealand Banking Group, Taiwan from September 2012 to February 2018, and before that, he was the general manager of international corporate banking of Standard Chartered Bank, Taiwan from December 2008 to August 2012. Mr. Lin served Citibank, Taiwan for more than 11 years since August 1997, with his rank up to the managing director of corporate banking and senior credit officer. During his tenure at the banks, Mr. Lin was mainly responsible for managing the corporate finance operations and building up sustainable platforms for those banks to serve clients for their financings needs in Taiwan and globally. He accomplished a number of milestone financing programs and mergers and acquisitions transactions in Greater China and Southeast Asia. Mr. Lin 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. 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 is not interested in the Shares within the meaning of Part XV of the SFO.

Mr. Lin entered into an appointment letter with the Company for a term of three years commencing from November 12, 2021. Mr. Lin’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. Lin has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$285,000 (equivalent to approximately US\$37,000) with reference to the Company’s profitability and the remuneration policy and guidelines adopted by the Remuneration Committee. 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. Lin’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 1,612,183,986 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 161,218,398 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 as a whole for 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, 2021 as set out in the Company's 2021 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

As at the Latest Practicable Date, PCC, a substantial Shareholder, was interested in more than 50% of the total number of Shares. 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 close 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> |
| 2021 | | |
| April | 20.85 | 19.00 |
| May | 20.90 | 18.46 |
| June | 20.95 | 18.12 |
| July | 19.36 | 15.00 |
| August | 16.62 | 14.54 |
| September | 16.70 | 15.00 |
| October | 17.42 | 15.44 |
| November | 17.30 | 13.38 |
| December | 14.28 | 12.20 |
| 2022 | | |
| January | 13.68 | 12.42 |
| February | 14.00 | 13.00 |
| March | 13.80 | 10.44 |
| April* | 12.62 | 11.04 |

* Up to and including the Latest Practicable Date

(h) Share repurchases made by the Company

During the six months preceding the Latest Practicable Date of this circular, no Share has been repurchased by the Company.

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 Friday, May 27, 2022 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, 2021.
2. To declare a final dividend of HK\$0.20 per share of the Company for the year ended December 31, 2021.
3. To re-elect directors and to authorize the board of directors to fix their remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company 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 in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as amended from time to time, be and is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (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 (including bonds, warrants and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period (as defined below);
- (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 (i) a Rights Issue (as defined below); or (ii) the exercise of the subscription rights under the share option scheme or similar arrangements of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of the dividend on shares in accordance with the Bye-laws of the Company in force from time to time; or (iv) the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares 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.

NOTICE OF ANNUAL 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 and/or the requirements of the Listing Rules as amended from time to time, be and is hereby generally and unconditionally approved;
- (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.”

NOTICE OF ANNUAL GENERAL MEETING

- C. **“That** conditional upon the ordinary resolution designated “5B” in this 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 this notice of general meeting of the Company.”

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

Hong Kong, April 19, 2022

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 54, 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 Wednesday, May 25, 2022 (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 Monday, May 23, 2022 to Friday, May 27, 2022, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, May 20, 2022 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 Monday, May 23, 2022.
- (3) The register of members of the Company will be closed from Monday, June 6, 2022 to Wednesday, June 8, 2022, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, June 2, 2022 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 6, 2022.
- (4) If a tropical cyclone warning signal No. 8 or above is hoisted, or “extreme conditions” caused by super typhoons exist, 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.

- (5) Subject to the development of the Novel Coronavirus (COVID-19) situation in Hong Kong and the restriction imposed by the Hong Kong Government on public gatherings, the Company may be required to change the meeting arrangements for the AGM at short notice. Shareholders are advised to check the Company's websites for further announcement(s) and update(s) on such arrangements and/or further special measures to be taken.