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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 28, 2021 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages 17 to 20 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 26, 2021 (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.

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 Novel Coronavirus ("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.

Pursuant to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G) (the "Regulation"), group gatherings of more than 20 persons for shareholders' meetings are required to be accommodated in separate rooms or partitioned areas of not more than 20 persons each. The Hong Kong Government will review the social distancing measures in place from time to time in accordance with the development of COVID-19 in Hong Kong, the number of persons allowed in shareholders' meeting will be subject to the latest amendments to the Regulation (which may be announced by the Hong Kong Government from time to time).

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.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

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.

Subject to the development of COVID-19, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website for further announcements and updates on the AGM arrangements.

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:

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 2:00 p.m. on Friday, May 28, 2021 at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, notice of which is set out on pages 17 to 20 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 16, 2021, 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
“Remuneration Committee”	the remuneration committee of the Company

DEFINITIONS

“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

Yen Mun-Gie (also known as Teresa Yen)

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 23, 2021

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. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Mr. Wong Hak Kun will retire by rotation and, being eligible, proposed to offer themselves for re-election at the forthcoming AGM.

3. RECOMMENDATIONS OF THE NOMINATION COMMITTEE

On March 23, 2021, the Nomination Committee nominated and the Board recommended the retiring Directors, Mr. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Mr. Wong Hak Kun to stand for re-election as Directors at the AGM. As good corporate governance practice, each of Mr. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Mr. Wong Hak Kun 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 23, 2021, the Nomination Committee 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. Wong Hak Kun, Mr. Ho Lai Hong, Ms. Yen Mun-Gie (also known as Teresa Yen) and Mr. Chen Chia-Shen remained independent.

The Nomination Committee identified Mr. Wong Hak Kun and considered his 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. Wong Hak Kun's professional qualifications, extensive experience in audit, assurance and management and profound knowledge of rules and regulations of relevant disciplines, the Nomination Committee considered that he 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. Wong Hak Kun would bring to the Board his perspectives, skills and experience (as further described in his biography in Appendix I to this circular) and provide independent and balanced view to the Company's affairs.

The Nomination Committee therefore considered Mr. Wong Hak Kun as a suitable candidate and nominated him to the Board for its consideration.

Based on the nomination of the Nomination Committee, the Board, after reviewing the background of Mr. Wong Hak Kun and his independence against criteria as set out in Rule 3.13 of the Listing Rules, confirmed that he possesses the competency and independence as required to be an independent non-executive Director. Therefore, the Board recommended Mr. Wong Hak Kun to stand for re-election as an independent non-executive Director at the AGM.

LETTER FROM THE BOARD

Pursuant to Rule 13.74 of the Listing Rules, particulars of Mr. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Hu Chia-Ho and Mr. Wong Hak Kun 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 29, 2020, 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 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.

LETTER FROM THE BOARD

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

Notice of the Annual General Meeting is set out in pages 17 to 20 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 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 26, 2021 (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).

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.

LETTER FROM THE BOARD

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. Chan Lu Min (“Mr. Chan”)

Mr. Chan Lu Min, aged 66, joined the Group in 2001. He is a director and the chairman of PCC and the president of administration management department and in charge of finance and accounting. Mr. Chan was appointed as an executive director of the Company on March 7, 2001. He is a director of certain subsidiaries of the Company. He has 40 years of finance and accounting experience in Taiwan. Mr. Chan is a graduate of Chung Hsing University in Taiwan. Mr. Chan is also a director of Wealthplus and Win Fortune. PCC, through Wealthplus and Win Fortune, has 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. Save as disclosed above, Mr. Chan 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. Chan 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. Chan is interested in 117,000 Shares within the meaning of Part XV of the SFO, and he personally holds 851,250 ordinary shares in Pou Sheng and personally holds 366,452 ordinary shares in PCC.

Mr. Chan entered into a service agreement with the Company for a term of three years commencing from March 3, 2019. Mr. Chan’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws and the Listing Rules. Mr. Chan’s remuneration as a Director has been recommended by the Remuneration Committee and approved by the Board at an annual amount of HK\$1,535,578 (equivalent to approximately US\$198,000) for the year ended December 31, 2020 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.

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. Chan’s re-election.

Mr. Lin Cheng-Tien (“Mr. Lin”)

Mr. Lin Cheng-Tien, aged 61, 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. 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 30 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 is interested in 99,000 Shares within the meaning of Part XV of the SFO and he personally holds 297,760 ordinary shares in PCC.

Mr. Lin entered into a service agreement with the Company for a term of three years commencing from March 20, 2018. 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 and approved by the Board at an annual amount of HK\$2,045,243 (equivalent to approximately US\$264,000) for the year ended December 31, 2020 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. Mr. Lin has entered into a new service agreement with the Company for a term of three years commencing from March 20, 2021, under which his remuneration is nil per annum. Mr. Lin’s final remuneration as a Director 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. Lin’s re-election.

Mr. Hu Chia-Ho (“Mr. Hu”)

Mr. Hu Chia-Ho, aged 52, graduated from the University of Wisconsin, Madison, the United States of America with a Master’s degree of Science. He joined PCC in 1997. He is a vice president of the Group and was the head of the Human Resources Department of PCC and becomes the head of CEO office on April 1, 2020. Mr. Hu was appointed as an executive director of the Company on March 20, 2015. He is also a director of certain subsidiaries of the Company. 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. Mr. Hu has been an executive director of Eagle Nice (International) Holdings Limited, a company listed on the main board of the Stock Exchange, since December 1, 2020. 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 156,000 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, 2018. 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 and approved by the Board at an annual amount of HK\$807,389 (equivalent to approximately US\$104,000) for the year ended December 31, 2020 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. Hu has entered into a new service agreement with the Company for a term of three years commencing from March 20, 2021, under which his remuneration is NT\$1,920,000 (equivalent to approximately US\$68,000) per annum. Mr. Hu’s final remuneration as a Director 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. Hu’s re-election.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Wong Hak Kun (“Mr. Wong”)

Mr. Wong Hak Kun, aged 64, 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 was appointed as an independent non-executive director of the Company on June 1, 2018. Mr. Wong is the chairman of the audit committee of the Company and the Remuneration Committee. 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. Mr. Wong is an independent non-executive director of Lung Kee (Bermuda) Holdings Limited and Zhejiang Cangnan Instrument Group Company Limited, both being listed on the main board of the Stock Exchange, and was appointed as an independent non-executive director of Guangzhou Automobile Group Co., Ltd., a company listed on main board of the Stock Exchange and the Shanghai Stock Exchange since May 29, 2020, and Haier Smart Home Co., Ltd., a company listed on main board of the Stock Exchange, the Shanghai Stock Exchange and the Frankfurt Stock Exchange since June 3, 2020. 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 and approved by the Board at an annual amount of HK\$300,000 (equivalent to approximately US\$39,000) for the year ended December 31, 2020 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. Wong has entered into a new appointment letter with the Company for a term of three years commencing from June 1, 2021, under which his director fee is HK\$300,000 (equivalent to approximately US\$39,000) 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. Wong’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 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, 2020 as set out in the Company's 2020 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 <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
April	13.58	10.60
May	13.58	11.10
June	13.18	11.32
July	12.92	11.62
August	14.06	11.22
September	13.92	11.88
October	14.62	12.38
November	17.68	12.70
December	17.64	15.70
2021		
January	18.66	15.60
February	18.80	16.14
March	21.25	16.48
April*	20.45	19.00

* *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 28, 2021 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, 2020.
2. To re-elect directors and to authorize the board of directors to fix their remuneration.
3. 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

4. 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

NOTICE OF ANNUAL GENERAL MEETING

- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 “4B” 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 “4A” 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 23, 2021

NOTICE OF ANNUAL GENERAL MEETING

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 26, 2021 (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 24, 2021 to Friday, May 28, 2021, 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 21, 2021 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 24, 2021.**
- (3) 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.