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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Youyuan International Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**YOUYUAN INTERNATIONAL HOLDINGS LIMITED**

**優源國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2268)**

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND BUY-BACK SHARES;  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Youyuan International Holdings Limited to be held at Boardroom I, Level 5, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 10:30 a.m. on 29 May 2019 is set out on pages 16 to 21 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the meeting or any adjournment thereof. 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.

24 April 2019

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## DEFINITIONS

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

“2018 Annual Report”	the annual report of the Company for the financial year ended 31 December 2018 despatched to the Shareholders together with this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Boardroom I, Level 5, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 10:30 a.m. on 29 May 2019 or any adjournment thereof
“Articles”	the articles of association of the Company adopted on 30 April 2010 and as amended from time to time
“Board”	the board of Directors
“Close Associates”	has the same meaning ascribed to it under the Listing Rules
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Youyuan International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Core Connected Person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares bought back under the Share Buy-back Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the General Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with unissued Shares up to a maximum of 20% of total number of issued Shares as at the date of passing the relevant resolution at the Annual General Meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

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## DEFINITIONS

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“Latest Practicable Date”	9 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to buy back the Shares on the Stock Exchange with an aggregate number of which shall not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs in Hong Kong
“%”	percent

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LETTER FROM THE BOARD

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**YOUYUAN INTERNATIONAL HOLDINGS LIMITED**

**優源國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2268)**

*Executive Directors:*

Mr. Ke Wentuo (*Chairman*)  
Mr. Ke Jixiong (*Chief Executive Officer*)  
Mr. Cao Xu  
Mr. Zhang Guoduan  
Ms. Lian Bi Yu

*Registered office:*

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Prof. Zhang Daopei  
Prof. Chen Lihong  
Mr. Chow Kwok Wai

*Principal place of business in Hong Kong:*

7/F, Hip Shing Hong Centre  
55 Des Voeux Road Central  
Central, Hong Kong

24 April 2019

Dear Shareholders,

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND BUY-BACK SHARES;  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the proposed grant of the General Mandate, the Share Buy-back Mandate and the Extension Mandate (collectively the “**Mandates**”), the re-election of the relevant Directors and to seek your approval of the resolutions to these matters at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise the powers of the Company to allot, issue and deal with unissued Shares up to a maximum of 20% of the total number of Shares in issue as at the date of passing of the relevant resolution at the Annual General Meeting. As at the Latest Practicable Date, a total of 1,243,025,712 Shares were in issue. Subject to the passing of the proposed resolution granting the General Mandate to the Directors and on the basis that no Shares will be issued or bought back by the Company prior to the Annual General Meeting, the Company will be allowed under the General Mandate to issue a maximum of 248,605,142 Shares.

### SHARE BUY-BACK MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to buy back, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares with an aggregate number of which shall not exceed 10% of the total number of Shares in issue as at the date of passing of the relevant resolution at the Annual General Meeting.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Share Buy-back Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

### EXTENSION MANDATE

In addition, an ordinary resolution will also be proposed at the Annual General Meeting to extend the General Mandate by an addition of an amount representing the aggregate number of Shares bought back under the Share Buy-back Mandate.

The Share Buy-back Mandate and the General Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable laws of the Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting.

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## LETTER FROM THE BOARD

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### THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 16 to 21 of this circular.

The 2018 Annual Report incorporating the audited consolidated financial statements of the Group for the year ended 31 December 2018 and the reports of the Directors and the auditors thereon are despatched to the Shareholders together with this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the Annual General Meeting or any adjournment thereof. Completion and return of the 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.

### RE-ELECTION OF DIRECTORS

According to Article 84(1) of the Articles, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. As such, Mr. Ke Wentuo, Prof. Chen Lihong and Mr. Chow Kwok Wai will retire at the Annual General Meeting, and being eligible, will offer themselves for re-election.

Furthermore, according to code provision A.4.3 set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by Shareholders. Given that Prof. Zhang Daopei and Mr. Chow Kwok Wai have been serving as independent non-executive Directors for more than 9 years, their re-election and further appointment as independent non-executive Directors will be subject to separate resolutions to be considered and, if thought fit, approved by the Shareholders at the Annual General Meeting.

Recommendation to the Board for the proposal for re-election of Mr. Ke Wentuo as an executive Director and each of Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai as independent non-executive Directors was made by the Nomination Committee, after having a range of diversity perspective, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge, as set out in the Board diversity policy of the Company.

Particulars of each of Mr. Ke Wentuo, Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai are set out in Appendix II of this circular.

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## LETTER FROM THE BOARD

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### **Recommendations of the Nomination Committee with respect to the re-election of the retiring independent non-executive Directors at the Annual General Meeting.**

Prof. Chen Lihong was appointed as an independent non-executive Director on 11 March 2016, while both Prof. Zhang Daopei and Mr. Chow Kwok Wai were appointed as independent non-executive Directors on 6 January 2010. Each of Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai, being an independent non-executive Director, has given an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee is of the view that each of them remains to be independent after assessing their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules against their latest position. The Board also believes that each of them has the required character, integrity and experience to fulfill and discharge their roles and duties of an independent non-executive Director. In addition, the Nomination Committee had evaluated their performance and are of the view that they have provided valuable contributions to the Company and have demonstrated their abilities to provide independent, balanced and objective to the Company's affairs.

The Nomination Committee is also of the view that each of Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai would bring to the Board their own perspective, skills and experience, as further described in their respective particulars in Appendix II of this circular. Based on the board diversity policy adopted by the Company, the Nomination Committee considers that each of Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai can contribute to the diversity of the Board, in particular, with their strong and diversified educational background and professional and industry experience, including their in-depth knowledge in the academia, financial management and connections in various industries.

The Board has accepted the Nomination Committee's nomination and recommended that each of Prof. Chen Lihong, Prof. Zhang Daopei and Mr. Chow Kwok Wai should be re-elected as independent non-executive Director at the Annual General Meeting.

### **VOTING BY POLL AT THE ANNUAL GENERAL MEETING**

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Article 66 of the Articles.

### **RESPONSIBILITY STATEMENT**

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 in this circular 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.



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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the proposed grant of the General Mandate, the Share Buy-back Mandate and the Extension Mandate and the re-election of Directors named above are beneficial to the Company and the Shareholders as a whole.

Accordingly, the Directors recommend our Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining and determining the entitlement of Shareholders to attend and vote at the Annual General Meeting, the transfer books and register of members of the Company will be closed from 24 May 2019 to 29 May 2019, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the Annual General Meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 23 May 2019 for registration of transfer.

Yours faithfully,  
For and on behalf of the Board of  
**Youyuan International Holdings Limited**  
**KE Wentuo**  
*Chairman*

This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Share Buy-back Mandate.

### **1. LISTING RULES PROVISIONS RELATING TO THE BUY-BACK OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all buy-backs of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general share buy-back mandate or by specific approval of a particular transaction.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 1,243,025,712 Shares in issue.

Subject to the passing of the proposed resolution granting the Share Buy-back Mandate and on the basis that no further Shares are issued or bought back prior to the Annual General Meeting, the Company will be allowed under the Share Buy-back Mandate to buy back a maximum of 124,302,571 Shares, which represents 10% of the entire issued share capital of the Company as at the date of passing the resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable laws of the Cayman Islands to be held; or
- (iii) revocation or variation by an ordinary resolution of the Shareholders in a general meeting.

### **3. REASONS FOR THE SHARE BUY-BACK**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to buy back the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed. Shares bought back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy back will benefit the Company and the Shareholders as a whole.

#### 4. FUNDING OF SHARE BUY-BACK

In buying back the Shares, the Company may only apply funds legally available for the purpose in accordance with the Articles and the Companies Law.

Taking into account the current working capital position of the Company, the Directors consider that, if the Share Buy-back Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company (as compared with the position disclosed in the 2018 Annual Report). However, the Directors do not intend to make any share buy-back to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company.

#### 5. SHARE PRICES

The Shares are trading on the Stock Exchange and the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the following twelve months immediately preceding the Latest Practicable Date are as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
April 2018	4.55	3.14
May 2018	4.97	4.19
June 2018	4.79	3.59
July 2018	3.68	2.90
August 2018	3.32	2.90
September 2018	3.04	2.35
October 2018	2.78	2.34
November 2018	2.72	2.28
December 2018	2.58	1.96
January 2019	2.98	1.95
February 2019	3.00	2.43
March 2019	2.64	2.32
1 April 2019 to the Latest Practicable Date	2.53	2.36

#### 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to buy back the Shares pursuant to the Share Buy-back Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Directors, the controlling Shareholders (as defined in the Listing Rules) of the Company, namely Mr. Ke Wentuo and Smart Port Holdings Limited (“Smart Port”) and parties acting in concert with them, namely Ms. Cai Lishuang and Denron International Limited (the “**Controlling Shareholders and Concert Parties**”), together exercise and/or control the exercise of approximately 55.85% voting rights in the general meeting of the Company.

The exercise of the Share Buy-back Mandate by the Directors in full to buy back the Shares will not result in an obligation on the part of the Controlling Shareholders and Concert Parties in the Company to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors will not exercise the Share Buy-back Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

## **7. SHARE BUY-BACK MADE BY THE COMPANY**

The Company had not bought back any of its Shares on the Stock Exchange during the six months preceding the Latest Practicable Date.

## **8. GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their Close Associates has any present intention to sell any Shares to the Company if the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make share buy-back pursuant to the Share Buy-back Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the Articles.

No Core Connected Person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such Core Connected Person undertaken not to sell any Shares held by him/her to the Company in the event that the Share Buy-back Mandate is granted.

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## APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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*The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:*

**Mr. Ke Wentuo** (柯文托), aged 62, is the founder of our Group and Chairman of our Company. Mr. Ke was appointed as Executive Director on 12 October 2009. He is primarily responsible for our overall strategies, planning and business development. Mr. Ke graduated and earned a college diploma from Fujian College of Forestry (福建林學院) (now part of Fujian Agriculture and Forestry University\* (福建農林大學)) in 1999, majoring in paper manufacturing. Mr. Ke has more than 15 years of experience in paper manufacturing. Mr. Ke has been a vice president of the Fujian Paper Association\* (福建省紙業協會) since December 1999. Mr. Ke has been a committee member of the Jinjiang City National People's Congress Standing Committee\* (晉江市人民代表大會常務委員會) since January 2004, and has been a committee member of the Zhangzhou Committee of the PRC People's Political Consultative Conference\* (中國人民政治協商會議漳州市委員會) since January 2012. Mr. Ke was recognised by the China Paper Association as an outstanding entrepreneur in the field of pulp and paper making\* (中國造紙協會製漿造紙行業優秀企業家) in 2009. He was also named as a model entrepreneur in the light industry segment\* (全國輕工行業勞動模範) in December 2007. In addition, Mr. Ke is also committed to social charity, and was named as a Philanthropist in the Quanzhou Municipality\* (泉州市慈善家) in 2006, appointed as an honorary president of Quanzhou Charity Association\* (泉州市慈善總會永遠名譽會長) in September 2006 and as an honorary president of Jinjiang Charity Association\* (晉江市慈善總會永遠榮譽會長) in December 2007.

### *Length of service*

Pursuant to the existing service agreement entered into between Mr. Ke and the Company, the term of Mr. Ke's appointment is for a term of three years commencing from 30 April 2016, which is renewable upon expiry.

### *Relationship with other Directors, senior management or substantial or controlling Shareholders of the Company*

Mr. Ke is the father of Mr. Ke Jixiong, an executive Director and chief executive officer of the Company. Smart Port, a controlling Shareholder (as defined under the Listing Rules), is wholly owned by Mr. Ke.

Save as disclosed above, Mr. Ke does not have any relationship with any Director, senior management, substantial or controlling Shareholders (as defined under the Listing Rules) of the Company.

### *Interests in Shares*

As at the Latest Practicable Date, for the purposes of the SFO, Mr. Ke is interested in a long position of 694,237,500 Shares, comprised of 665,560,500 Shares held by Smart Port and 28,677,000 Shares held by Denron International Limited (which is beneficially owned by Ms. Cai Lishuang and Mr. Ke, being the spouse of Ms. Cai Lishuang, is deemed to be interested in the said 28,677,000 shares held by Denron International Limited), and a short position of 165,000,000 Shares, being the short position held by Smart Port.

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## APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### *Amount of emolument*

The emolument payable to Mr. Ke is HK\$1,800,000 per year. He is also entitled to a discretionary bonus to be determined by the Board. Mr. Ke's emolument is determined by reference to his experience and qualifications, his duties in the Group and the market rate of emolument package of directors of companies of comparable scale of operations. Mr. Ke's emolument may, subject to the discretion of the Directors, be reviewed.

### *Other information*

Save as disclosed, Mr. Ke does not hold any directorship in the last three years in public companies the securities of which are listed on the Stock Exchange or overseas. He also has no information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

**Prof. Chen Lihong** (陳禮洪), aged 49, was appointed as an Independent Non-executive Director on 11 March 2016. is a professor at the Fujian University of Technology\* (福建工程學院). Prof. Chen Lihong also currently serves as the head of the water and wastewater engineering department\* (給排水教研室主任) at the College of Ecological Environment and Urban Construction (生態環境與城市建設學院) of Fujian University of Technology. Prof. Chen Lihong also holds several other positions, including the deputy committee member of the Construction and Water Industry Committee of the Engineering, Construction, Science and Technology Standardization Association of Fujian Province\* (福建省工程建設科學技術標準化協會建築水工業委員會副主任委員), committee member of the Water and Wastewater Engineering Academic Committee of the Fujian Province Civil Engineering Society\* (福建省土建學會給排水學術委員會委員) and a member of the standing committee of the Architectural Society of China Water Supply and Wastewater Association\* (中國建築學會建築給水排水研究分會第二屆院校委員會常務委員).

### *Length of service*

Pursuant to the existing service agreement entered into between Prof. Chen and the Company, the term of Prof. Chen's appointment is for an initial fixed term of three years commencing from 11 March 2019, which is renewable upon expiry.

### *Relationship with other Directors, senior management or substantial or controlling Shareholders of the Company*

Prof. Chen does not have any relationship with any Director, senior management, substantial or controlling Shareholders (as defined under the Listing Rules) of the Company.

### *Interests in shares*

As at the Latest Practicable Date, Prof. Chen is not interested in any Shares for the purposes of the SFO.

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## APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### *Amount of emolument*

The emolument payable to Prof. Chen is HK\$140,000 per year and may, subject to the discretion of the Directors, be reviewed.

### *Other information*

Save as disclosed, Prof. Chen does not hold any directorship in the last three years in public companies the securities of which are listed on the Stock Exchange or overseas. He also has no information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

**Prof. Zhang Daopei (張道沛)**, aged 82, was appointed as an Independent Non-executive Director on 6 January 2010. Prof. Zhang graduated from Dongbei Industrial College\* (東北工學院) (now known as Northeastern University\* (東北大學)) in 1966 majoring in mining machinery. Since 2005, Prof. Zhang has been a professor at Henan University\* (河南大學). He was also a professor at Fujian College of Forestry\* (福建林學院) (now part of Fujian Agriculture and Forestry University\* (福建農林大學)) from 1995 to 1997. Before becoming a professor, Prof. Zhang spent over 40 years working in paper manufacturing in areas including paper product development, factory planning and management, and paper industry trading manufacturing. Prof. Zhang has also been the chairman of Alkaline Recycling Special Committee of the China Technology Association of Paper Industry\* (中國造紙學會) since 1990, the vice chairman of Paper History Committee, of the China Technology Association of Paper Industry\* (中國造紙學會) since 1994 and the honorary chairman of the Fourth Committee of the Fujian Technology Association of Paper Industry\* (福建造紙學會) since 2007. Prof. Zhang was previously the chairman of Fujian Technology Association of Paper Industry\* (福建造紙學會) from 1994 to 2007.

### *Length of service*

Pursuant to the existing service agreement entered into between Prof. Zhang and the Company, the term of Prof. Zhang's appointment is for a term of three years commencing from 30 April 2016, which is renewable upon expiry.

### *Relationship with other Directors, senior management or substantial or controlling Shareholders of the Company*

Prof. Zhang does not have any relationship with any Director, senior management, substantial or controlling Shareholders (as defined under the Listing Rules) of the Company.

### *Interests in shares*

As at the Latest Practicable Date, Prof. Zhang is not interested in any Shares for the purposes of the SFO.

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## APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### *Amount of emolument*

The emolument payable to Prof. Zhang is HK\$160,000 per year and may, subject to the discretion of the Directors, be reviewed.

### *Other information*

Save as disclosed, Prof. Zhang does not hold any directorship in the last three years in public companies the securities of which are listed on the Stock Exchange or overseas. He also has no information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

**Mr. Chow Kwok Wai** (周國偉), aged 51, was appointed as an Independent Non-executive Director on 6 January 2010. Mr. Chow graduated from the University of Hong Kong with a bachelor's degree in Social Science in 1990. Mr. Chow is a Fellow member of the Association of Chartered Certified Accountants, a Fellow CPA of the Hong Kong Institute of Certified Public Accountants and a Fellow member of the Taxation Institute of Hong Kong ("TIHK"). Mr. Chow is also a registered Certified Tax Adviser (註冊稅務師) of the TIHK effective since 7 September 2010. He has over 20 years' of experience in accounting, financial management and corporate finance. He is a company secretary of Silver Grant International Industries Limited (stock code: 171), a non-executive director of Cinda International Holdings Limited (stock code: 111) and an independent non-executive director of SSY Group Limited (stock code: 2005), all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

### *Length of service*

Pursuant to the existing service agreement entered into between Mr. Chow and the Company, the term of Mr. Chow's appointment is for a term of three years commencing from 30 April 2016, which is renewable upon expiry.

### *Relationship with other Directors, senior management or substantial or controlling Shareholders of the Company*

Mr. Chow does not have any relationship with any Director, senior management, substantial or controlling Shareholders (as defined under the Listing Rules) of the Company.

### *Interests in shares*

As at the Latest Practicable Date, Mr. Chow is not interested in any Shares for the purposes of the SFO.



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## APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

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### *Amount of emolument*

The emolument payable to Mr. Chow is HK\$200,000 per year and may, subject to the discretion of the Directors, be reviewed.

### *Other information*

Save as disclosed, Mr. Chow does not hold any directorship in the last three years in public companies the securities of which are listed on the Stock Exchange or overseas. He also has no information to be disclosed pursuant to (h) to (v) of Rule 13.51(2) of the Listing Rules and save as disclosed above, there are no other matters that need to be brought to the attention of Shareholders.

\* *for identification only*

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### YOUYUAN INTERNATIONAL HOLDINGS LIMITED

### 優源國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2268)**

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Youyuan International Holdings Limited (the “**Company**”) will be held at Boardroom I, Level 5, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong at 10:30 a.m. on 29 May 2019 to consider and, if thought fit, transact the following business:

#### ORDINARY BUSINESS

1. to receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the auditors of the Company for the year ended 31 December 2018;
2. to re-elect Mr. Ke Wentuo as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
3. to re-elect Prof. Chen Lihong as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
4. to re-elect Prof. Zhang Daopei as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
5. to re-elect Mr. Chow Kwok Wai as director of the Company and to authorise the board of directors of the Company to fix his remuneration;
6. to authorise the board of directors of the Company to fix the remuneration of the Company’s directors;
7. to re-appoint RSM Hong Kong as the Company’s auditors and to authorise the board of directors of the Company to fix their remuneration;

and, as additional ordinary business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification);

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## NOTICE OF THE ANNUAL GENERAL MEETING

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8. “THAT:

- (a) subject to paragraph (c) and (d) below, pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (e) below) of all the powers of the Company to allot, issue and deal with the unissued shares of HK\$0.10 each in the capital of the Company (each, a “**Share**”) and to make or grant offers, agreements or options, including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares, which would or might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options, including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares, which might require the exercise of the aforesaid powers after the expiry of the Relevant Period;
- (c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options and otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (e) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company and other relevant regulations in force from time to time; or (iv) any issue of Shares upon 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, shall not exceed the aggregate of:
  - (i) 20 per cent of the total number of Shares in issue as at the date of the passing of this resolution; and
  - (ii) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of shares bought back by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent of the number of Shares in issue as at the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;
- (d) the Company may not issue securities convertible into new Shares for cash consideration unless the initial conversion price is not lower than the Benchmarked Price (as hereinafter defined in paragraph (e) below) of the Shares at the time of the relevant placing, and the Company may not issue warrants, options or similar rights to subscribe for (i) any new Shares; or (ii) any securities convertible into new Shares, for cash consideration pursuant to the approval in paragraph (a) above; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(e) for the purposes of this resolution,

“**Benchmarked Price**” means the higher of:

- (i) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities pursuant to the approval in paragraph (a) above; and
- (ii) the average closing price in the 5 trading days immediately prior to the earlier of:
  - (1) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities pursuant to the approval in paragraph (a) above;
  - (2) the date of the placing agreement or other agreement involving the proposed issue of securities pursuant to the approval in paragraph (a) above; and
  - (3) the date on which the placing or subscription price is fixed.

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion 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, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of; or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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## NOTICE OF THE ANNUAL GENERAL MEETING

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9. “THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to buy back (or agree to buy back) shares of HK\$0.10 each in the capital of the Company (each, a “**Share**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be bought back or agreed to be bought back by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the total number of Shares in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

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## NOTICE OF THE ANNUAL GENERAL MEETING

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10. “**THAT** conditional on the passing of resolutions numbered 8 and 9 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 8 above be and is hereby extended by the addition to the aggregate number of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate number of Shares in the Company bought back or agreed to be bought back by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 9 above.”

By Order of the Board  
**Youyuan International Holdings Limited**  
**KE Wentuo**  
*Chairman*

Hong Kong, 24 April 2019

*As at the date of this notice, the executive directors of the Company are Mr. Ke Wentuo, Mr. Ke Jixiong, Mr. Cao Xu, Mr. Zhang Guoduan and Ms. Lian Bi Yu; and the independent non-executive directors of the Company are Prof. Zhang Daopei, Prof. Chen Lihong and Mr. Chow Kwok Wai.*

*Registered office:*

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

7/F, Hip Shing Hong Centre  
55 Des Voeux Road Central  
Central, Hong Kong

*Notes:*

1. Unless otherwise defined herein, capitalised terms used in this notice shall have the same meaning as those used in the circular of the Company dated 24 April 2019.
2. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy needs not be a member of the Company.
3. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
4. The transfer books and register of members of the Company will be closed from 24 May 2019 to 29 May 2019, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 May 2019.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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5. In relation to the proposed resolutions numbered 8 and 10 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules.
6. In relation to the proposed resolution numbered 9 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to buy back shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to the circular of which this notice of the annual general meeting forms part.
7. In the case of joint holders of a share, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.