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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)

TCHC STOCK OPTION PLAN AND GRANT OF TCHC OPTIONS

TCHC, a non-wholly owned subsidiary of the Company, proposes to amend certain terms of the TCHC Stock Option Plan for the purpose of compliance with the applicable requirements of the Listing Rules. The TCHC Stock Option Plan in its amended and restated form will be subject to approval of the shareholders of TCHC and approval of the Shareholders by way of passing an ordinary resolution to be proposed at the SGM.

Subject to the approval of the TCHC Stock Option Plan in its amended and restated form being obtained at the SGM, TCHC has approved the grant of the Tranche D TCHC Options, the exercise of which will entitle holders thereof to subscribe for a total of 248,923 TCHC Shares, to the Grantees. As the grants to each of the Relevant Grantees exceed 1% of the relevant class of TCHC Shares in issue, such grants to the Relevant Grantees are subject to approval by Shareholders at the SGM pursuant to Rule 17.03(4) of the Listing Rules.

The circular containing, among other things, the letter from the Board containing details of the TCHC Stock Option Plan in its amended and restated form and the grant of Tranche D TCHC Options to the Relevant Grantees and the notice of SGM, will be despatched to the Shareholders on or before Tuesday, November 14, 2017.

* *for identification purposes only*

The register of members of the Company will be closed from Friday, November 24, 2017 to Thursday, November 30, 2017, both dates inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, November 23, 2017 in order to establish the identity of the shareholders who are entitled to attend and vote at the SGM. The record date for the Entitlement to SGM will be on Friday, November 24, 2017.

TCHC STOCK OPTION PLAN

Prior to April 7, 2017, TCHC was a joint venture of the Company (interest in which was held through the Company's subsidiary). On April 7, 2017, TCHC made a repurchase of its own shares (other than those held by the Company's subsidiary and certain shares held by the minority shareholders of TCHC) and TCHC therefore became an indirect non-wholly owned subsidiary of the Company.

The TCHC Stock Option Plan was adopted by the board of directors of TCHC before TCHC became a subsidiary of the Company. TCHC proposes to amend certain terms of the TCHC Stock Option Plan for the purpose of compliance with the applicable requirements of the Listing Rules. The TCHC Stock Option Plan in its amended and restated form will be subject to approval of the shareholders of TCHC and approval of the Shareholders by way of passing an ordinary resolution to be proposed at the SGM. No new options have been granted after TCHC became an indirect subsidiary of the Company other than the Tranche D TCHC Options, which grants are subject to the approval of the TCHC Stock Option Plan in its amended and restated form by the Shareholders.

As at the date of this announcement, the maximum number of shares that may be issued pursuant to TCHC Options granted and to be granted under the TCHC Stock Option Plan is 969,174 TCHC Shares, representing approximately 29.30% of the total issued shares in TCHC out of which (i) an aggregate of 638,346 TCHC Shares, representing approximately 19.30% of the total number of TCHC's issued shares, are issuable pursuant to the exercise of outstanding TCHC Options (other than the Tranche D TCHC Options), and (ii) an aggregate of 248,923 TCHC Shares, representing approximately 8.22% of the total number of TCHC's issued shares, are issuable pursuant to the exercise of the granted Tranche D TCHC Options. If the TCHC Stock Option Plan in its amended and restated form is approved by the Shareholders at the SGM, further TCHC Options may be granted and exercisable into 81,905 TCHC Shares under the TCHC Stock Option Plan, which together with the Tranche D TCHC Options represent approximately 10% of the total number of TCHC's issued shares as at the date of the SGM.

The TCHC Stock Option Plan in its amended and restated form, upon being effective, will be applicable to all options already granted and outstanding pursuant to the TCHC Stock Option Plan and will not affect the validity of any of the previously granted TCHC Options.

GRANT OF TCHC OPTIONS

On October 9, 2017, TCHC approved the grant of the Tranche D TCHC Options to the Grantees exercisable into a total of 248,923 TCHC Shares at an exercise price of US\$24.18 per TCHC Share (but not less than the fair market value of a TCHC Share on the date the TCHC Stock Option Plan is approved by the Shareholders) under the Nonqualified Stock Option Agreement with each Grantee respectively. Since the grant of Tranche D TCHC Options to each Relevant Grantee exceeds 1% of the relevant class of TCHC Shares in issue, such grants must be approved by the Shareholders at the SGM pursuant to Rule 17.03(4) of the Listing Rules. TCHC also granted Tranche D TCHC Options to the Other Grantees.

Details of grants to the Relevant Grantees and Other Grantees are set out below:

Date of grant:	Date on which the Shareholders approve the TCHC Stock Option Plan, which is expected to be November 30, 2017
Exercise price of Tranche D TCHC Option granted:	US\$24.18 per TCHC Share (but not less than the fair market value of a TCHC Share on the date of grant)
Number of TCHC Shares under the Tranche D TCHC Options granted to the Relevant Grantees:	100,000 to Mr. Jay Patel, the Chief Financial Officer of TCHC 50,000 to Mr. Steven Richman, the President of Tribal Sportswear, a division of Haggard Canada Co., and a wholly-owned, indirect subsidiary of TCHC 38,923 to Ms. Eve Richey, the Senior Vice President and Chief Digital Officer of TCHC, to replace TCHC Options with an exercise price of US\$32.21 per TCHC Share previously granted to Ms. Eve Richey which were cancelled when the Tranche D TCHC Options were granted, contingent upon Shareholders' approval of such grant

Number of TCHC Shares under the Tranche D TCHC Options granted to the Other Grantees:	60,000
Total number of TCHC Shares under Tranche D TCHC Options granted:	248,923
Market price of TCHC Shares on the date of grant:	Since TCHC is a private company, there is no open market price of its securities
Validity period of the Tranche D TCHC Options:	Ten years from the date of grant
Vesting Conditions:	The Tranche D TCHC Options are subject to vesting periods ranging from 21 to 48 months. Vesting of the Tranche D TCHC Options is not conditional upon any performance targets

The above grants to the Grantees will reduce the number of TCHC Shares available to be issued under the scheme limit of 330,828 TCHC Shares so that TCHC will only be able to issue an additional 81,905 TCHC Shares under the TCHC Stock Option Plan, representing approximately 2.48% of the total number of TCHC's issued shares.

None of the Grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of TCHC, or an associate (as defined in the Listing Rules) of any of them.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, November 24, 2017 to Thursday, November 30, 2017, both dates inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, November 23, 2017 in order to establish the identity of the shareholders who are entitled to attend and vote at the SGM ("**Entitlement to SGM**"). The record date for the Entitlement to SGM will be on Friday, November 24, 2017.

GENERAL

The circular containing, among other things, the letter from the Board containing details of the TCHC Stock Option Plan in its amended and restated form and the grant of Tranche D TCHC Options to the Relevant Grantees and the notice of SGM, will be despatched to the Shareholders on or before Tuesday, November 14, 2017.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolutions to approve the TCHC Stock Option Plan in its amended and restated form and the grant of Tranche D TCHC Options to the Relevant Grantees.

DEFINITIONS

The following terms are used in this announcement with the meanings assigned to them below:

“Board”	the board of Directors
“Company”	Yue Yuen Industrial (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on main board of the Stock Exchange
“Directors”	directors of the Company
“Grantee(s)”	the Relevant Grantees and the Other Grantees
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nonqualified Stock Option Agreement”	an agreement governing the terms of an option to purchase TCHC Shares granted in accordance with the TCHC Stock Option Plan entered into on October 9, 2017 between TCHC and each of the Grantees
“Other Grantees”	two employees of TCHC who are eligible to receive Tranche D TCHC Options under the TCHC Stock Option Plan
“Relevant Grantees”	(i) Mr. Jay Patel, the Chief Financial Officer of TCHC; (ii) Mr. Steven Richman, the President of Tribal Sportswear, a division of Haggard Canada Co., and a wholly-owned, indirect subsidiary of TCHC; and (iii) Ms. Eve Richey, the Senior Vice President and Chief Digital Officer of TCHC, who are eligible to receive Tranche D TCHC Options under the TCHC Stock Option Plan

“SGM”	the special general meeting of the Company to be convened to approve the TCHC Stock Option Plan in its amended and restated form and grant of Tranche D TCHC Options to the Relevant Grantees
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCHC”	Texas Clothing Holding Corp., a company incorporated in the State of Delaware of the United States and an indirect non-wholly owned subsidiary of the Company since April 7, 2017
“TCHC Option(s)”	the option(s) granted or to be granted under the TCHC Stock Option Plan, as amended from time to time, to subscribe for TCHC Shares in accordance with the terms and conditions thereof
“TCHC Share(s)”	common stock of US\$0.01 par value each in the share capital of TCHC
“TCHC Stock Option Plan”	the existing stock option plan of TCHC adopted on November 7, 2012, as amended from time to time
“Tranche D TCHC Options”	the TCHC Options approved by the TCHC board of directors on October 9, 2017, which options are subject to and become effective upon the approval of the Shareholders
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, October 13, 2017

As at the date of this announcement, the Directors are:

2.14

Executive Directors:

Mr. Lu Chin Chu (Chairman), Ms. Tsai Pei Chun, Patty (Managing Director), Mr. Chan Lu Min, Mr. Lin Cheng-Tien, Mr. Tsai Ming-Lun, Ming, Mr. Hu Chia-Ho, Mr. Liu George Hong-Chih and Mr. Hu Dien Chien.

Independent Non-executive Directors:

Mr. Leung Yee Sik, Mr. Huang Ming Fu, Mr. Chu Li-Sheng, Ms. Yen Mun-Gie (also known as Teresa Yen) and Mr. Hsieh Yung Hsiang (also known as Alfred Hsieh).

Website: www.yueyuen.com