
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to the action to be taken, you should consult your 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 Yihai International Holding Ltd., you should at once hand this circular together with the form of proxy and reply slip to the purchaser or 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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**YIHAI INTERNATIONAL HOLDING LTD.****頤海國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1579)

- (1) PROPOSED RE-ELECTION OF DIRECTORS**
(2) PROPOSED RE-APPOINTMENT OF THE AUDITOR
(3) PROPOSED DECLARATION OF FINAL DIVIDEND
**(4) PROPOSED GENERAL MANDATES TO ISSUE
NEW SHARES AND BUY BACK SHARES**
AND
(5) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Yihai International Holding Ltd. to be held at Conference Room 206, 2nd Floor, Building 6, Songlei Office Building, Heng Song Yuan, Middle Road of South 3rd Ring Road, Fengtai District, Beijing, PRC on Friday, 22 May 2020 at 2:00 p.m. is set out on pages 16 to 20 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.yihchina.com).

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish.

20 April 2020

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at 2:00 p.m. on Friday, 22 May 2020 at Conference Room 206, 2nd Floor, Building 6, Songlei Office Building, Heng Song Yuan, Middle Road of South 3rd Ring Road, Fengtai District, Beijing, PRC
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Board Meeting”	the meeting of the Board held on 25 March 2020
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to buy back the Shares not exceeding 10% of the number of issued shares of the Company as at the date of passing of the relevant resolution granting the Buy-back Mandate
“Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Company”	YIHAI INTERNATIONAL HOLDING LTD. (頤海國際控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 18 October 2013
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Mr. Zhang Yong, the non-executive Director, Ms. Shu Ping, the spouse of Mr. Zhang Yong and ZYSP YIHAI Ltd, a business company with limited liability incorporated in the British Virgin Islands on 10 October 2013
“Director(s)”	director(s) of the Company

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“General Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution granting the General Mandate
“Group”	the Company and its subsidiaries
“Haidilao Group”	Haidilao International Holding Ltd., whose shares are listed on the Stock Exchange (stock code: 6862), and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	13 July 2016, the date on which the Shares of the Company are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Memorandum of Association”	the memorandum of association of the Company, as amended from time to time
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of the Shares of the Company

DEFINITIONS

“Sichuan Haidilao”	Sichuan Haidilao Catering Corporation Ltd.* (四川海底撈餐飲股份有限公司), a joint stock limited liability company established in the PRC on 25 June 2009, or its predecessor, Sichuan Jianyang Haidilao Catering Co., Ltd.* (四川省簡陽市海底撈餐飲有限責任公司), which was established in the PRC on 16 April 2001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meanings ascribed thereto in the Listing Rules
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time
“Yihai Shanghai”	Yihai (Shanghai) Food Co., Ltd. (頤海(上海)食品有限公司), a foreign investment enterprise incorporated in the PRC on 1 December 2014 and an indirectly wholly owned subsidiary of the Company
“%”	percentage

* English translations of company names are for identification purposes only.

LETTER FROM THE BOARD



YIHAI INTERNATIONAL HOLDING LTD.

頤海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1579)

Executive Directors:

Mr. Shi Yonghong (*Chairman*)
Mr. Guo Qiang (*Chief Executive Officer*)
Ms. Dang Chunxiang
Mr. Sun Shengfeng
Ms. Shu Ping

Registered office:

P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205 Cayman Islands

Non-executive Director:

Mr. Zhang Yong

Corporate Headquarters in the PRC:

1st and 2nd Floors, Building 6
Songlei Office Building, Heng Song Yuan
Middle Road of South 3rd Ring Road
Fengtai District
Beijing, PRC

Independent non-executive Directors:

Mr. Yau Ka Chi
Mr. Qian Mingxing
Ms. Ye Shujun

Principal place of business in Hong Kong:

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai, Hong Kong

20 April 2020

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RE-ELECTION OF DIRECTORS**
(2) PROPOSED RE-APPOINTMENT OF THE AUDITOR
(3) PROPOSED DECLARATION OF FINAL DIVIDEND
(4) PROPOSED GENERAL MANDATES TO ISSUE
NEW SHARES AND BUY BACK SHARES
AND
(5) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to give you the notice of the Annual General Meeting and the following proposals to be put forward at the Annual General Meeting including: (a) the proposed re-election of Directors; (b) the proposed re-appointment of the auditor of the Company; (c) the proposed declaration of final dividend; and (d) the granting of the General Mandate to issue Shares and the Buy-back Mandate to buy back Shares.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with Article 16.18 of the Articles of Association, Ms. Dang Chunxiang, Mr. Zhang Yong and Ms. Ye Shujun (“**Ms. Ye**”) shall retire by rotation, and being eligible, offered themselves for re-election at the Annual General Meeting.

In considering and approving the proposal for Ms. Ye to be re-elected as an Independent Non-executive Director of the Company and to assess her suitability to be re-elected, the nomination committee, having regard to the Board diversity policy and nomination policy of the Company, considered Ms. Ye’s background, skills and experience as well as her past performance, commitment and contribution to the Company and her independence confirmation pursuant to Rule 3.13 of the Listing Rules. The nomination committee of the Company is satisfied that Ms. Ye has the required character, integrity, skills, experience and independence to continue fulfilling the role of Independent Non-executive Director. Furthermore, with her extensive knowledge on economics and management, the Board considers that Ms. Ye will be able to provide valuable and relevant insights and contribute to the diversity of the Board. Ms. Ye does not hold seven or more listed company directorship and thus can give sufficient time and attention to the Company’s affairs.

Details of the above Directors who are subject to re-election at the Annual General Meeting are set out in Appendix II to this circular in accordance with the relevant requirements of the Listing Rules.

RE-APPOINTMENT OF THE AUDITOR

The mandate of the current auditor of the Company, PricewaterhouseCoopers, will expire at the Annual General Meeting. At the Annual General Meeting, an ordinary resolution will be put forward for approval of the re-appointment of the auditor.

The re-appointment of the auditor of the Company has been reviewed by the audit committee of the Company which made recommendation to the Board that the re-appointment be submitted and proposed for Shareholders’ approval at the Annual General Meeting.

DECLARATION OF FINAL DIVIDEND

Reference is made to the annual results announcement for the year ended 31 December 2019 of the Company dated 25 March 2020. The Board resolved to propose to the Shareholders at the Annual General Meeting to be held on Friday, 22 May 2020 for the distribution of a final dividend of RMB20.593 cents per Share for the year ended 31 December 2019 payable to the Shareholders whose names are listed in the register of members of the Company on Monday, 1 June 2020. Subject to the consideration and approval of the Shareholders at the Annual General Meeting, the final dividend will be paid in Hong Kong dollars based on the average benchmark exchange rate of RMB against Hong Kong dollars as announced by the People’s

LETTER FROM THE BOARD

Bank of China in the five working days prior to but excluding the date of the Board Meeting, that is HK\$22.583 cents per Share. If approved by the Shareholders at the Annual General Meeting, the final dividend of 2019 will be distributed on or around Monday, 15 June 2020.

GENERAL MANDATE TO ISSUE SHARES

Pursuant to a resolution passed by the Shareholders on 21 May 2019, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the General Mandate to issue Shares at the Annual General Meeting, an ordinary resolution no. 7 will be proposed to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares in the share capital of the Company up to 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution in relation to the General Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,046,900,000 Shares which have been fully paid. Subject to the passing of the ordinary resolution no. 7 and on the basis that no further Shares are issued or bought back after the Latest Practicable Date and up to the Annual General Meeting, the Company will be allowed to issue a maximum of 209,380,000 Shares (whether by way of Share or otherwise). In addition, subject to a separate approval of the ordinary resolution no. 9, the number of the Shares bought back by the Company under ordinary resolution no. 8 will also be added to extend the General Mandate as mentioned in the ordinary resolution no. 7, provided that such additional value shall represent up to 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the resolutions in relation to the General Mandate and Buy-back Mandate.

BUY-BACK MANDATE TO BUY BACK SHARES

Pursuant to a resolution passed by the Shareholders on 21 May 2019, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Buy-back Mandate to the Directors to exercise the powers of the Company to buy back the Shares representing up to 10% of the number of issued shares of the Company as at the date of passing of the resolution in relation to the Buy-back Mandate.

LETTER FROM THE BOARD

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Buy-back Mandate is set out in Appendix I to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 16 to 20 of this circular is the notice of Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider and approve the re-election of Directors, the re-appointment of auditor, the declaration of final dividend, and the granting of the General Mandate to issue Shares and the Buy-back Mandate to buy back Shares.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yihchina.com). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should they so wish.

VOTING AT THE ANNUAL GENERAL MEETING

There is no Shareholder who has any material interest in the proposed resolutions, and therefore none of the Shareholders is required to abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles of Association, a resolution put to vote at any general meeting is to be decided by way of a poll, except where the chairman of the meeting, 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.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote need not use up all his/her/its votes nor cast all the votes in the same way.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed ordinary resolutions for the re-election of Directors, the re-appointment of the auditor, the declaration of final dividend, and the granting of the General Mandate and the Buy-back Mandate are in the best interests of the Company and the Shareholders as a whole, and accordingly, recommends all the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By Order of the Board
Yihai International Holding Ltd.
Shi Yonghong
Chairman

APPENDIX I EXPLANATORY STATEMENT FOR THE BUY-BACK MANDATE

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,046,900,000 Shares of nominal value of US\$0.00001 each which have been fully paid. Subject to the passing of the resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back before the Annual General Meeting, the Company will be allowed to buy back a maximum of 104,690,000 Shares which represent 10% of the issued share capital of the Company during the period ending on the earlier of (i) the conclusion of the next annual general meeting of the Company; or (ii) the revocation or variation of the Buy-back Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first; or (iii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles of Association or the applicable laws of the Cayman Islands.

REASONS AND FUNDING OF BUY-BACKS

The Directors believe that it is in the Company's and the Shareholders' best interests for the Directors to have the general authority to execute buy-backs of Shares in the market. Such buy-backs 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 where the Directors believe that such buy-backs will benefit the Company and the Shareholders.

The buy-back of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of the Company and the applicable laws of the Cayman Islands. The Directors may not buy back the Shares on the Stock Exchange for consideration other than cash or for settlement other than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Directors may make buy-backs with profits of the Company or proceeds from a new issuance of Shares made for the purpose of the buy-back or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. In the case of any premium payable on the buy-backs, it may be paid out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company.

APPENDIX I EXPLANATORY STATEMENT FOR THE BUY-BACK MANDATE

The Directors believe that, if the Buy-back Mandate were 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 audited consolidated financial statements of the Company as at 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up. However, the Directors do not propose to exercise the Buy-back 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.

GENERAL

To the best of their knowledge, and having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intend to sell any Shares to the Company or its subsidiaries, if the Buy-back Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make buy-back pursuant to the Buy-back Mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association of the Company and the applicable laws of the Cayman Islands.

No core connected person, as defined in the Listing Rules, has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

TAKEOVERS CODE

If as a result of a buy-back of Shares pursuant to the Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, 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. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any buy-back of Shares pursuant to the Buy-back Mandate.

To the best knowledge of the Company, as at the Latest Practicable Date, the Controlling Shareholders were interested in 373,007,021 Shares representing approximately 35.63% of the total issued share capital of the Company. In the event that the Directors exercise the proposed Buy-back Mandate in full, the aggregate shareholding interest of the Controlling Shareholders would be increased to approximately 39.59% of the total issued share capital of the Company.

APPENDIX I EXPLANATORY STATEMENT FOR THE BUY-BACK MANDATE

The Directors consider that such increase in shareholding may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not have any present intention to exercise the proposed Buy-back Mandate to such an extent as would give rise to such an obligation. Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code even if the Buy-back Mandate is exercised in full.

SHARE BUY-BACK MADE BY THE COMPANY

No buy-back of Shares have been made by the Company in the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

PUBLIC FLOAT

The Directors do not have a present intention to exercise the Buy-back Mandate to the effect that will result in the public float to fall below the percentage as required under the Listing Rules or such other minimum percentage agreed by the Stock Exchange from time to time.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve calendar months before the Latest Practicable Date were as follows:

	Highest prices	Lowest prices
	HK\$	HK\$
2019		
March	34.95	24.35
April	39.10	33.80
May	40.65	33.90
June	41.95	37.10
July	47.50	40.15
August	49.85	39.10
September	49.40	44.40
October	56.05	45.20
November	55.50	48.00
December	52.10	43.60
2020		
January	53.95	43.45
February	53.80	42.60
March	61.50	39.85
April (<i>up to the Latest Practicable Date</i>)	60.20	53.05

The following are the biographical details of the Directors proposed for re-election at the Annual General Meeting.

1. Ms. Dang Chunxiang

Ms. Dang Chunxiang (黨春香), aged 47, was appointed as the Vice President of the Company on 9 December 2018. She has been a Director since December 2015 and is primarily responsible for the overall management of the Company, implementation of the decisions of the Board. Ms. Dang has been the general manager of Yihai Shanghai since December 2015, and was appointed as an executive Director, the chief executive officer and general manager of the Company on 7 March 2016. Prior to this, Ms. Dang worked as a sales manager of Kebao Boloni Home Furnishing Co. Ltd. (科寶博洛尼家居有限公司) from August 1998 to April 2002. From May 2002 to September 2008, she joined Beijing Yuanzhou Decoration Co., Ltd. (北京元洲裝飾有限公司) as a manager of the kitchen cabinet department and was later promoted to director of the home furnishing management department. Ms. Dang was the vice general manager of Huawei Leren (Beijing) Trading Co., Ltd. (華威樂仁(北京)貿易有限公司), a company engaging in construction materials trading from January 2009 to November 2010. Ms. Dang then joined Sichuan Haidilao and served as the head of the operations department from January 2011 to December 2014. Ms. Dang served as the head of the operations department and a standing deputy general manager of Yihai Shanghai from December 2014 to January 2015 and from January 2015 to December 2015, respectively. Ms. Dang completed her graduate study in business administration at Renmin University of China (中國人民大學) in May 2010, and completed EMBA professional programme at Guanghua School of Management in July 2017.

Ms. Dang's appointment is for a term of three years, subject to the retirement and rotation provisions set out in the Articles of Association. The service agreement can be terminated by not less than one month's notice in writing served by either Ms. Dang or the Company.

Ms. Dang does not have any relationship with other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Ms. Dang's interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance are set out below:

Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital (%)
Beneficial owner	700,000 (long position)	0.07

2. Mr. Zhang Yong

Mr. Zhang Yong (張勇), aged 49, was appointed as a non-executive Director on 7 March 2016. Mr. Zhang is one of the founders of the Haidilao Group and has over 21 years of food industry and management experience within the Haidilao Group. He has been a Director since December 2015 and is primarily responsible for participating in making major decisions for the Company. Mr. Zhang served as the general manager of Sichuan Haidilao from April 1994 to March 2001. Between April 2001 and June 2009, Mr. Zhang served as both the executive director and the general manager of Sichuan Haidilao. Since July 2009, Mr. Zhang has served as the director and chairman of Sichuan Haidilao. Mr. Zhang also serves as a director and member of senior management of associates of the Company's Controlling Shareholders. He is currently an executive director of Haidilao International Holding Ltd. (stock code: 6862). Mr. Zhang completed the executive master of business administration program and completed the finance master of business administration program from Cheung Kong Graduate School of Business (長江商學院) in October 2011 and August 2012, respectively.

Mr. Zhang's appointment is for a term of three years, subject to the retirement and rotation provisions set out in the Articles of Association. The service agreement can be terminated by not less than one month's notice in writing served by either Mr. Zhang or the Company.

Mr. Zhang is the spouse of Ms. Shu Ping, an executive Director and Controlling Shareholder of the Company. As at the Latest Practicable Date, Mr. Zhang's interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance are set out below:

Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital (%)
Founder of a discretionary trust, interest of controlled corporation, beneficial owner, beneficiary of a trust and interest of spouse	373,007,021 (long position)	35.63

Note: Mr. Zhang Yong and Ms. Shu Ping, as the settlors and protectors, established for their own benefit the ZYSP Trust, which holds the entire share capital of ZYSP YIHAI Ltd, which in turn holds 372,547,021 Shares. For the purpose of the SFO, Mr. Zhang Yong and Ms. Shu Ping are deemed to be interested in the Shares in which ZYSP YIHAI Ltd is interested.

Mr. Zhang Yong is the spouse of Ms. Shu Ping and is deemed to be interested in the same number of Shares in which Ms. Shu Ping is interested for the purpose of the SFO. Ms. Shu Ping is the spouse of Mr. Zhang Yong and is deemed to be interested in the same number of Shares in which Mr. Zhang Yong is interested for the purpose of the SFO.

3. Ms. Ye Shujun

Ms. Ye Shujun (葉蜀君), aged 58, was appointed as an independent non-executive Director on 20 June 2016. She is primarily responsible for participating in making major decisions for the Company and advising on issues relating to corporate governance, remuneration of Directors and senior management, nomination of Directors and audit. Ms. Ye has been an independent director of Beijing New Universal Science and Technology Co., Ltd (北京萬向新元科技股份有限公司) (stock code: 300472) since June 2011, and an independent director of Anhui Guozhen Environment Protection Technology Joint Stock Co., Limited (安徽國禎環保節能科技股份有限公司) (stock code: 300388) since August 2016, both being companies listed on the Shenzhen Stock Exchange (深圳證券交易所). Ms. Ye has been an independent director of Anhui Telit Science and Technology Co., Ltd (安徽天立泰科技股份有限公司) (stock code: 831918) since July 2017, which is listed on National Equities Exchange and Quotation System (NEEQ), and an independent director of Wuhu Fuchun Dye and Weave Co., Ltd (蕪湖富春染織股份有限公司) (stock code: 870898) since November 2017, which is listed on the New Third Board. Ms. Ye also served as lecturer, associate professor and professor successively at the economic management college of Beijing Jiaotong University (北京交通大學) since December 1994. Ms. Ye completed a program in international accounting and international tax at Xiamen University in January 1990. Ms. Ye then obtained a master's degree in economics from Tsinghua University in July 1994. She obtained a doctoral degree in management from Beijing Jiaotong University in July 2007.

Ms. Ye's appointment is for a term of three years, subject to the retirement and rotation provisions set out in the Articles of Association. The service agreement can be terminated by not less than one month's notice in writing served by either Ms. Ye or the Company.

Ms. Ye does not have any relationship with other Director, senior management, substantial shareholder or controlling shareholder of the Company.

Ms. Ye has no interest in the Company's securities within the meaning of Part XV of the SFO.

DIRECTORS' REMUNERATION

The total amount of the Directors' remuneration for the year ended 31 December 2019 received by each of the retiring Directors are set out in note 36 to the financial statements of the Company's annual report 2019. The Directors' remuneration is determined by the remuneration committee of the Company having regard to the Company's and the Director's performance.

DIRECTORS' INTEREST

Save as disclosed in this circular, to the best knowledge of the Company, each of the Directors who stand for re-election (i) does not hold other positions in the Company or other members of the Group, (ii) does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, (iii) does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company and (iv) has no information to disclose pursuant to any of the requirements of Rules 13.51(2)(h)-13.51(2)(v) of the Listing Rules; and there are no other matters that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



YIHAI INTERNATIONAL HOLDING LTD.

頤海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1579)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of Yihai International Holding Ltd. (the “Company”) will be held at Conference Room 206, 2nd Floor, Building 6, Songlei Office Building, Heng Song Yuan, Middle Road of South 3rd Ring Road, Fengtai District, Beijing, PRC on Friday, 22 May 2020 at 2:00 p.m. for the following purposes:

AS ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries, the reports of the directors and the independent auditor of the Company for the year ended 31 December 2019;
2. To re-elect Ms. Dang Chunxiang as a director and authorise the board of directors of the Company (the “Board”) to fix her remuneration;
3. To re-elect Mr. Zhang Yong as a director and authorise the Board to fix his remuneration;
4. To re-elect Ms. Ye Shujun as a director and authorise the Board to fix her remuneration;
5. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorise the Board to fix its remuneration;
6. To declare a final dividend of HK\$22.583 cents per share for the year ended 31 December 2019;

NOTICE OF ANNUAL GENERAL MEETING

To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolutions:

7. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue or otherwise deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options, including bonds and warrants to subscribe for shares of the Company, which might require the exercise of such powers be and 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 and options which might require the exercise of such powers after the expiration of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted, and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or 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 (d) below); or (ii) the exercise of any options granted under any share option scheme 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 of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares of the Company 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 of the Company shall not exceed the aggregate of:
 - (aa) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution; and
 - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company bought back by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution),

NOTICE OF ANNUAL GENERAL MEETING

and the authority pursuant to paragraph (a) of this resolution shall be limited by applicable rules and requirements of The Stock Exchange of Hong Kong Limited as amended from time to time, including the restrictions for using the general mandate to issue (i) securities convertible into new Shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereafter defined) of the Shares at the time of relevant placing; and (ii) warrants, options or similar rights to subscribe for new Shares or securities convertible into new Shares for cash consideration; and

(d) for the purposes of this resolution:

“**Benchmarked Price**” means the higher of (a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (b) the average closing price in the 5 trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate to be approved under this resolution; (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (iii) the date on which the placing or subscription price is fixed.

“**Relevant Period**” means the period from 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) 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.

“**Rights Issue**” means an offer of shares of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares of the Company open for a period fixed by the directors of the Company to holder of shares of the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of shares of the Company (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 any recognised regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

8. **“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 powers of the Company to buy back shares in the capital of the Company on the Stock Exchange or any other stock exchange on which the shares of the Company 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 nominal amount of shares of the Company 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 aggregate nominal amount of the issued share capital of the Company as at the date of 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”** shall have the same meaning as ascribed to it under paragraph (d) of the resolution numbered 7 of the notice convening the AGM.”
9. **“THAT** conditional upon the passing of resolutions numbered 7 and 8 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 7 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of the Company 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 nominal amount of the share capital of the Company bought back by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 8 above.”

By order of the Board
Yihai International Holding Ltd.
Mr. Shi Yonghong
Chairman

Beijing, 20 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if such member is the holder of two or more shares) to attend and to vote instead of them. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the AGM and vote in person. In such event, his form of proxy will be deemed to have been revoked.
- (2) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he 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 in respect of the joint holding.
- (3) A form of proxy for use at the meeting is enclosed.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (5) The voting at the AGM will be taken by poll.
- (6) The register of members of the Company will be closed from Tuesday, 19 May 2020 to Friday, 22 May 2020, both days inclusive, in order to determine the eligibility of the shareholders to attend and vote at the AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Monday, 18 May 2020 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 18 May 2020.
- (7) The register of members of the Company will also be closed from Thursday, 28 May 2020 to Monday, 1 June 2020, both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. The shareholders whose names appear on the register of members of the Company at the close of business on Monday, 1 June 2020 will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 27 May 2020.