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XIN YUAN ENTERPRISES GROUP LIMITED

信源企業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1748)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF SHARES BY CONTROLLING SHAREHOLDER

This is a voluntary announcement made by Xin Yuan Enterprises Group Limited (the “**Company**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company was informed by Centennial Best Limited (“**Centennial**”), the controlling shareholder of the Company that two share sale and purchase agreements (each the “**Agreement**”, and together the “**Agreements**”) have been entered into on 28 October 2019 between Centennial as the seller and each of Well Grace Trading Co., Limited (華欣貿易有限公司) (“**Well Grace**”) and HJ Technology Co., Limited (華景科技有限公司) (“**HJ Technology**”) as the purchaser, respectively (the “**Shares Sale**”).

THE AGREEMENTS

Sale and Purchase Agreement I

Date:	28 October 2019
Seller:	Centennial
Purchaser:	Well Grace, which is owned by Mr. Lin Kaiquan (林開泉) (“ Mr. Lin ”), being an independent third party of the Company, save for his interest in the Agreement.
Number of Sale Shares:	49,000,000 ordinary shares, representing approximately 12.25% of the total issued share capital of the Company as at the date of this announcement.
Consideration:	HK\$1.55 per Sale Share for an aggregate consideration of HK\$75,950,000.

Sale and Purchase Agreement II

Date:	28 October 2019
Seller:	Centennial
Purchaser:	HJ Technology, which is owned by Mr. Wu Kai (吳凱) (“ Mr. Wu ”), being an independent third party of the Company, save for his interest in the Agreement.
Number of Sale Shares:	36,000,000 ordinary shares, representing approximately 9% of the total issued share capital of the Company as at the date of this announcement.
Consideration:	HK\$1.55 per Sale Share for an aggregate consideration of HK\$55,800,000.

To the best of the Company’s knowledge, information and belief, having made all reasonable enquiries, Centennial, Well Grace and HJ Technology are unrelated to each other and each of Mr. Lin and Mr. Wu, being the ultimate beneficial owner of Well Grace and HJ Technology, respectively, is an independent third party of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

Pursuant to the acting-in-concert agreement dated 21 August 2014, Mr. Ding Xiaoli (丁肖立), Mr. Xu Wenjun (徐文均) and Mr. Ding Yuzhao (丁玉釗) (the “**Concerted Group**”) are parties acting in concert (having the meaning as ascribed thereto in the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong). They in aggregate held as to approximately 39.25% of the total issued share capital of the Company through their respective wholly-owned companies as at the date of this announcement. Upon completion of the Shares Sale, the shareholding held by the Concerted Group in the Company is expected to decrease from approximately 39.25% to 18% of the total issued share capital of the Company, and the Concerted Group will cease to be the controlling shareholders of the Company.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the completion of Shares Sale, details of the change in the shareholding interests of the Company held by Centennial, Well Grace and HJ Technology upon completion of the Shares Sale which is expected to take place by 4 November 2019 are set out as follows:

	Immediately before the completion of the Shares Sale		Immediately after the completion of the Shares Sale	
	<i>Number of ordinary shares</i>	<i>Approximate percentage of shareholding^(Note)</i>	<i>Number of ordinary shares</i>	<i>Approximate percentage of shareholding^(Note)</i>
Centennial	148,131,725	37.03%	63,131,725	15.78%
Well Grace	Nil	Nil	49,000,000	12.25%
HJ Technology	Nil	Nil	36,000,000	9%

Note: The percentage of shareholding is calculated based on 400,000,000 ordinary shares of the Company in issue as at the date of this announcement.

The Board does not expect the Shares Sale to have any significant impact in the business operation of the Company. Shareholders of the Company and/or investors are advised to exercise caution when dealing in the Company's securities.

By order of the Board
XIN YUAN ENTERPRISES GROUP LIMITED
Wang Faqing
Chairman

Hong Kong, 28 October 2019

As at the date of this announcement, Mr. Wang Faqing, Mr. Xu Wenjun and Mr. Ding Yuzhao are the executive Directors, and Mr. Lai Guanrong, Mr. Suen Chi Wai and Mr. Xu Jie are the independent non-executive Directors.