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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)

MAJOR AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT TO SHARE PURCHASE AGREEMENT I

Reference is made to the announcement of Youyuan International Holdings Limited (the “**Company**”) dated 24 April 2017, the circular of the Company dated 25 May 2017 (the “**Circular**”) and the poll results announcement of the Company dated 15 June 2017 in relation to, among other things, the Proposed Acquisitions. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Circular.

SUPPLEMENTAL AGREEMENT TO SHARE PURCHASE AGREEMENT I

On 31 July 2017, Xi Yuan and Ms. Ke entered into a supplemental agreement to Share Purchase Agreement I (the “**Supplemental Agreement**”) pursuant to which the parties agreed, acknowledged and confirmed that, in relation to the conditions precedent as set out in Share Purchase Agreement I, conditions (a) (approval of Share Purchase Agreement I and the transactions contemplated thereunder by the Independent Shareholders being obtained at a shareholders’ meeting of the Company) and (b) (approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares) could not be waived by either parties, whilst conditions (c) to (g) could be waived by Xi Yuan.

The Directors confirm that save as amended by the Supplemental Agreement, all other terms and conditions of Share Purchase Agreement I remain unchanged.

REASONS FOR ENTERING INTO SUPPLEMENTAL AGREEMENT TO SHARE PURCHASE AGREEMENT I

As at the date of this announcement, other than conditions (b) (the approval of the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares) and (d) (Supplemental Share Subscription Agreement becoming effective), all other conditions to Share Purchase Agreement I have been fulfilled.

As disclosed in the Circular, Share Purchase Agreement I and Share Purchase Agreement II are not inter-conditional to each other. As the Supplemental Share Subscription Agreement would only become effective upon completion of both Share Purchase Agreement I and Share Purchase Agreement II, Xi Yuan and Ms. Ke consider that, in order to reflect the intention between the parties that Share Purchase Agreement I and Share Purchase Agreement II need not be completed at the same time, Xi Yuan shall have the flexibility to waive any of the conditions (c) to (g) to Share Purchase Agreement I where considered necessary and appropriate (in particular condition (d)).

Given that the effect of the Supplemental Agreement is only to facilitate Share Purchase Agreement I and Share Purchase Agreement II to be completed separately, which is in line with the intention of the parties as disclosed in the Circular, the Board does not consider that the Supplemental Agreement constitute any material amendment to the terms of Share Purchase Agreement I and does not consider it is necessary for the Independent Shareholders to re-approve the terms of Share Purchase Agreement I (as amended by the Supplemental Agreement) and the transactions contemplated thereunder.

As the Proposed Acquisitions may or may not proceed to completion, Shareholders and potential investors are urged to exercise caution when dealing in the Shares.

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

Hong Kong, 31 July 2017

As at the date of this announcement, the executive Directors are Mr. Ke Wentuo, Mr. Ke Jixiong, Mr. Cao Xu and Mr. Zhang Guoduan and the independent non-executive Directors are Prof. Zhang Daopei, Prof. Chen Lihong and Mr. Chow Kwok Wai.