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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)

This announcement is made by Youyuan International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of the directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Company and the preliminary review by the Company’s management of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, the Group is expected to record an increase of approximately 190% in its consolidated net profit for the year ended 31 December 2017 as compared to that of the year ended 31 December 2016 (the audited consolidated net profit of the Group for the year ended 31 December 2016 amounted to RMB310,633,000). The Board believes that such increase in the consolidated net profit is primarily attributable to, among other things, (i) the profit contributed from the wallpaper business which the Group recently acquired, (ii) the gain on deemed disposal of an associate, (iii) the increase in sales volume during the year ended 31 December 2017, and (iv) the net foreign exchange gain arising from the appreciation of Renminbi against United States dollars.

The information contained in this announcement is only based on the preliminary review of the information currently available to the Board and the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, which have not been audited or reviewed by the Company's auditor or the audit committee of the Company. The consolidated financial results of the Group for the year ended 31 December 2017 have not been finalised and may be subject to adjustment. As such, the financial results of the Group for the year ended 31 December 2017 may be different from what is disclosed in this announcement. The Company expects to publish an announcement on the annual results of the Group for the year ended 31 December 2017 no later than March 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 March 2018

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