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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 SECOND SUPPLEMENTAL AGREEMENT TO SHARE PURCHASE AGREEMENT II

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**”), the poll results announcement of the Company dated 15 June 2017 and the announcements of the Company dated 31 July 2017 and 31 August 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.

SECOND SUPPLEMENTAL AGREEMENT TO SHARE PURCHASE AGREEMENT II

On 28 March 2018, Xi Yuan and Cathay Fund entered into a second supplemental agreement to Share Purchase Agreement II (the “**Second Cathay Supplemental Agreement**”) pursuant to which the parties agreed to, among other things, (i) further extend Completion Date II to 12 February 2019; and (ii) adjust the schedule for payment of the consideration payable by Xi Yuan in the amount of US\$76,060,000 by way of instalments in cash up to Completion Date II.

The Directors confirm that the aggregate consideration for Proposed Acquisition II remained unchanged. Save as amended by the Second Cathay Supplemental Agreement, all other terms and conditions of Share Purchase Agreement II (as amended by the supplemental agreement entered into between the parties dated 31 August 2017 (the “**First Cathay Supplemental Agreement**”)) continue to be effective.

REASONS FOR AND BENEFITS OF ENTERING INTO SECOND CATHAY SUPPLEMENTAL AGREEMENT

Xi Yuan and Cathay Fund agreed to extend Completion Date II in order to allow the Group further time to arrange for financing for Proposed Acquisition II.

As the total consideration payable by the Group under Share Purchase Agreement II (as amended by the First Cathay Supplemental Agreement and the Second Cathay Supplemental Agreement) remain unchanged, and the Group will be given additional time to pay the consideration thereunder, the Board considers that the Second Cathay Supplemental Agreement does not constitute material amendment to the terms of Share Purchase Agreement II (as amended by the First Cathay Supplemental Agreement) which will require the Independent Shareholders to re-approve the terms of Share Purchase Agreement II (as amended by the First Cathay Supplemental Agreement and the Second Cathay Supplemental Agreement) and the transactions contemplated thereunder.

As at the date of this announcement, Proposed Acquisition II has not yet been completed. The Company will make further announcement(s) to provide updates on Proposed Acquisition II as and when appropriate.

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

Hong Kong, 28 March 2018

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.