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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 a share sale and purchase agreement (the “**Agreement**”) was entered into on 23 July 2019 between Centennial as the seller and Fortune Harvest Materials Hongkong Limited (“**Fortune Harvest**”), which is owned by Mr. Chen Ming Hua, being an independent third party, save for his interest in the Agreement, as the purchaser, pursuant to which Fortune Harvest agreed to acquire 116,000,000 ordinary shares (the “**Shares Sale**”) of the Company in aggregate from Centennial, representing approximately 29% of the issued share capital of the Company as at the date of this announcement at HK\$1.52 per ordinary share for an aggregate consideration of HK\$176,320,000.

To the best of the Company’s knowledge, information and belief, having made all reasonable enquiries, Centennial and Fortune Harvest are unrelated to each other and Mr. Chen Ming Hua, being the ultimate beneficial owner of Fortune Harvest, 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 (the “**Acting-in-Concert Agreement**”), Mr. Ding Xiaoli, Mr. Xu Wenjun and Mr. Ding Yuzhao (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 68.25% of the total issued share capital of the Company through their respective wholly-owned companies as at the date of this announcement and prior to completion of the Shares Sale. Upon completion of the Shares Sale, the shareholding held by the Concerted Group in the Company decreased from 68.25% to 39.25% of the issued share capital of the Company, and the Concerted Group remain as controlling shareholders of the Company.

Details of the change in the shareholding interests of the Company held by Centennial and Fortune Harvest upon completion of the Shares Sale which are expected to take place by 30 July 2019 are set out as follows:

	Before the Shares Sale		After the Shares Sale	
	<i>Number of ordinary shares</i>	<i>Percentage of shareholding</i>	<i>Number of ordinary shares</i>	<i>Percentage of shareholding</i>
Centennial	264,131,725	66.03%	148,131,725	37.03%
Fortune Harvest	Nil	Nil	116,000,000	29%

Note: This percentage is based on 400,000,000 ordinary shares of the Company issued as at the date of this announcement.

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

By order of the Board
XIN YUAN ENTERPRISES GROUP LIMITED
Ding Xiaoli
Chairman

Hong Kong, 23 July 2019

As at the date of this announcement, Mr. Ding Xiaoli, 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.