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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)**

### **ANNOUNCEMENT**

#### **(1) CLARIFICATION ON THE ENGAGEMENT OF INDEPENDENT INVESTIGATOR;**

**AND**

#### **(2) FORMAL ENGAGEMENT OF INDEPENDENT INVESTIGATOR**

This announcement is made by Xin Yuan Enterprises Group Limited (the “**Company**”) in accordance with Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 21 February 2025 in relation to, among others, the appointment of an investigative body to assist in independent investigation. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to clarify that due to miscommunication and misunderstanding, it has made the following inadvertent mistakes in the Announcement by stating that BDO Financial Services Limited (“**BDO**”) was stated to have been engaged by the Company to conduct independent investigation. Indeed, at the material time, the Company was considering to engage BDO as independent investigator but have not yet confirmed the engagement.

Save for the above, all other information stated in the Announcement remains unchanged.

On 17 April 2025, the Company has engaged Forvis Mazars Risk Advisory Services Limited to conduct independent agreed-upon procedures (“AUP”) investigation works, the scope of which is briefly summarized as below:

- (a) investigate the validity of allegations concerning certain alleged off-book loans of the Company in the amount of RMB212 million (including the source of funds and whether approvals were obtained from relevant parties) and the alleged misappropriation of company funds, and if the allegations are substantiated, assess their impact on the Company’s financial statements and determining responsible individuals; and
- (b) investigate whether the Company provided funds and instructed two senior executives to hold these shares on its behalf in a certain placing exercise and whether the two senior executives voted in according to the nominee arrangement. If such allegations were true, whether the current directors and the relevant personnels are involved in misappropriation of funds, producing false financial statements and/or making false declarations.

The Company has established the Special Committee and engaged the independent AUP investigator to conduct an independent AUP investigation, to find out the genuineness of the issues mentioned in the complaints made by the alleged shareholder and upon completion of the AUP investigation.

Subject to a consensus with the Auditors be reached, the Audit Committee considers the action plan, when completed, shall be able to clarify the issues mentioned in the complaints and to facilitate the conclusion of the audit work, and if there is any internal control deficiencies identified, with the implementation of internal control review and adoption of improvement measures, shall be able to avoid similar issues from happening and hence avoiding any obstacles towards completion of audit work.

The Company will, depending on the findings of the independent AUP investigation and whether any internal control deficiencies are identified, conduct such internal control review and implementation of the recommended measures, to improve the internal control of the Company and to avoid the occurrence of any matters which may be caused by the internal control deficiencies and affect the audit work of the Company.

As at the date of this announcement, the independent AUP investigation is still in progress. To comply with the Listing Rules, the Company will make further announcement(s) on the progress and outcome of the investigation by the Special Committee as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 February 2025 pending the release of inside information of the Company. The Company will make further announcement(s) as appropriate or as required under the Listing Rules and the SFO.

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

By order of the Board  
**XIN YUAN ENTERPRISES GROUP LIMITED**  
**Chen Jiagan**  
*Chairman & Executive Director*

Hong Kong, 17 April 2025

*As at the date of this announcement, Mr. Chen Jiagan, Mr. Xu Wenjun, Mr. Chen Ming, Mr. Lin Shifeng, Mr. Chen Yanbiao and Ms. Liu Weipeng are the executive Directors, and Mr. Xu Jie, Mr. Wei Shusong and Dr. Chen Siru are the independent non-executive Directors.*