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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 APPOINTMENT OF EXECUTIVE DIRECTORS AND CHANGE OF BUILDING NAME OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xin Yuan Enterprises Group Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively as the "**Group**") for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 ("**Years Under Review**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	**2020** *US$'000*	2019 *US$'000*
Revenue	*4*	**55,973**	49,751
Cost of sales		**(39,309)**	(35,762)
Gross profit		**16,664**	13,989
Other income	*5*	**634**	1,489
Administrative expenses		**(3,199)**	(2,535)
Other operating expenses		**(596)**	(634)
Exchange losses, net		**(89)**	(218)
Profit from operations		**13,414**	12,091
Finance costs	*7*	**(4,806)**	(6,087)
Profit before tax		**8,608**	6,004
Income tax expense	*8*	**(5)**	–
Profit for the year	*9*	**8,603**	6,004
Earnings per share	*11*		
Basic (cents per share)		**2.03**	1.50
Diluted (cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 *US$'000*	2019 *US$'000*
Profit for the year	**8,603**	6,004
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(15)**	(18)
Other comprehensive income for the year, net of tax	**(15)**	(18)
Total comprehensive income for the year	**8,588**	5,986

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	**2020** **US$'000**	2019 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**95,383**	100,014
Right-of-use assets		**103,206**	108,918
Total non-current assets		**198,589**	208,932
Current assets			
Derivative financial instruments		**230**	–
Inventories		**1,409**	1,508
Trade receivables	*12*	**1,462**	2,313
Other receivables, deposits and prepayments		**586**	1,643
Contract assets		**76**	373
Pledged bank deposits		**1,398**	1,379
Bank and cash balances		**8,775**	2,817
Total current assets		**13,936**	10,033
TOTAL ASSETS		**212,525**	218,965
EQUITY AND LIABILITIES			
Share capital	*13*	**4,400**	4,000
Reserves		**114,907**	101,090
Total equity		**119,307**	105,090
LIABILITIES			
Non-current liabilities			
Borrowings		**30,747**	24,938
Lease liabilities		**31,171**	45,265
Total non-current liabilities		**61,918**	70,203

	Note	**2020**	2019
		US$'000	*US$'000*
Current liabilities			
Derivative financial instruments		**508**	286
Contract liabilities		**532**	187
Borrowings		**12,787**	27,831
Lease liabilities		**14,184**	11,635
Trade payables	*14*	**1,909**	1,920
Other payables and accruals		**1,380**	1,813
Total current liabilities		**31,300**	43,672
TOTAL EQUITY AND LIABILITIES		**212,525**	218,965
Net current liabilities		**(17,364)**	(33,639)
Total assets less current liabilities		**181,225**	175,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

Xin Yuan Enterprises Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company under the Companies Law of the Cayman Islands on 28 June 2016. The address of its registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The address of its principal place of business in Hong Kong is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. The Company's share are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in vessel owning and chartering services.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

At 31 December 2020, the Group had net current liabilities of approximately US$17,364,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharges its liabilities in the normal course of business.

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to continue to attain profitable and positive cash flows from operations in the immediate and longer terms. In order to strengthen the Group's liquidity in the foreseeable future, the directors of the Company have taken the following measures:

(i) A related company has agreed to extend the repayment date of loans to the Group amounted to approximately US$2,500,000 from December 2021 to December 2022. The aforesaid supplementary agreement with a related company was signed on 2 March 2021;

(ii) On 2 March 2021, the Group entered into a finance lease with a financial institution for US$12,600,000 with the pledge of a vessel of the Group for a period of six years. Further on 8 March 2021, the Group received US$12,411,000 from the financial institution;

(iii) negotiating with banks and other financial institutions in advance for renewal and obtaining new banking facilities;

(iv) the directors of the Company have been taking various cost control measures to tighten the costs of operations; and

(v) the Group has been implementing various strategies to enhance the Group's revenue and profitability.

The directors of the Company have taken into account the cash requirements of the Group for the next twelve months from the end of the reporting period and the above measures, and have concluded that the Group will have sufficient working capital to meet in full its financial obligations as they fall due and accordingly the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets and to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 — 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers by services and the timing of revenue recognition for the year are as follow:

	2020	2019
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charter and CoA, recognised over time	**23,332**	21,661
— Trading of asphalt, recognised at a point in time	**–**	1,710
Revenue from other sources		
— Time charter	**32,641**	26,380
	55,973	49,751

5. OTHER INCOME

	2020	2019
	US$'000	*US$'000*
Bank interest income	**26**	227
Compensation income	**426**	1,212
Net fair value gains on derivative financial instruments	**8**	–
Gain on disposal of derivative financial instruments	**9**	–
Government grants *(Note)*	**45**	3
Sundry income	**120**	47
	634	1,489

Note: During the year, the Group recognised government grants in respect of COVID-19 related subsidies provided by the government of Hong Kong and Singapore.

6. SEGMENT INFORMATION

The Group has three operating segments as follows:

Asphalt tanker chartering services	–	Provision of asphalt tanker chartering services
Bulk carrier chartering services	–	Provision of bulk carrier chartering services
Asphalt trading	–	Trading of asphalt

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated interest revenue, unallocated interest expenses, unallocated corporate income and unallocated corporate expenses.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss, assets and liabilities:

	Asphalt tanker chartering services *US$'000*	**Bulk carrier chartering services** *US$'000*	**Asphalt trading** *US$'000*	**Total** *US$'000*
Year ended 31 December 2020:				
Revenue from external customers	**45,329**	**10,644**	**–**	**55,973**
Segment profit/(loss)	**7,662**	**3,577**	**(3)**	**11,236**
Interest expenses	**3,846**	**929**	**–**	**4,775**
Depreciation	**8,963**	**1,819**	**–**	**10,782**
Income tax expense	**5**	**–**	**–**	**5**
Additions to segment non-current assets	**442**	**–**	**–**	**442**
As at 31 December 2020:				
Segment assets	**175,774**	**31,895**	**7**	**207,676**
Segment liabilities	**73,738**	**16,253**	**–**	**89,991**
Year ended 31 December 2019:				
Revenue from external customers	47,464	577	1,710	49,751
Segment profit	8,057	168	82	8,307
Interest expense	5,969	93	–	6,062
Depreciation and amortisation	8,929	160	–	9,089
Additions to segment non-current assets	664	32,994	–	33,658
As at 31 December 2019:				
Segment assets	185,200	33,277	7	218,484
Segment liabilities	92,224	248	–	92,472

Reconciliations of segment profit or loss:

	2020 *US$'000*	2019 *US$'000*
Revenue		
Total revenue of reportable segments	**55,973**	49,751
Profit or loss		
Total profit or loss of reportable segments	**11,236**	8,307
Unallocated interest revenue	**1**	1
Unallocated interest expenses	**(31)**	(25)
Unallocated corporate income	**62**	1
Unallocated corporate expenses	**(2,665)**	(2,280)
Consolidated profit for the year	**8,603**	6,004

Reconciliations of segment assets and liabilities:

	2020 *US$'000*	2019 *US$'000*
Assets		
Total assets of reportable segments	**207,676**	218,484
Unallocated amounts:		
Other corporate assets	**4,849**	481
Consolidated total assets	**212,525**	218,965
Liabilities		
Total liabilities of reportable segments	**89,991**	92,472
Unallocated amounts:		
Other corporate liabilities	**3,227**	21,403
Consolidated total liabilities	**93,218**	113,875

Geographical information:

Revenue

The Group's business is managed on a worldwide basis. The revenue generated from provision of asphalt tanker chartering services and provision of bulk carrier chartering services which are carried out internationally, and the way in which costs are allocated, preclude a meaningful presentation of geographical information.

The revenue from asphalt trading is mainly generated from customers based in Hong Kong.

Non-current assets

As at 31 December 2020 and 2019, over 99% of the Group's non-current assets are vessels.

The vessels are primarily utilised across geographical markets for shipment of liquid asphalt and dry bulk cargo throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no segment analysis is presented.

Revenue from major customers:

	2020	2019
	US$'000	*US$'000*
Provision of asphalt tanker chartering services		
Customer A	**15,125**	12,179
Customer B *(Note (a))*	**6,644**	N/A
Customer C *(Note (b))*	**N/A**	11,417
Customer D *(Note (b))*	**N/A**	6,352
Customer E *(Note (b))*	**N/A**	5,648

Note:

(a) Revenue from Customer B represented less than 10% of the Group's revenue for the year ended 31 December 2019.

(b) Revenue from Customer C, Customer D and Customer E represented less than 10% of the Group's revenue for the year ended 31 December 2020.

7. FINANCE COSTS

	2020	2019
	US$'000	*US$'000*
Interest expenses on lease liabilities	**2,600**	4,219
Interest rate swap expenses	**304**	67
Interests on borrowings	**1,902**	1,801
	4,806	6,087

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2020	2019
	US$'000	*US$'000*
Current tax — Singapore Corporate Income Tax		
Underprovision in prior year	**5**	–

The Group mainly operates in Hong Kong, the PRC and Singapore. During the year ended 31 December 2020, Singapore Corporate Income Tax has been provided at a rate of 17%. No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax was made since the Group has no assessable profit for the year ended 31 December 2020. During the year ended 31 December 2019, no provision for Hong Kong Profits Tax, PRC Enterprise Income Tax and Singapore Corporate Income Tax was made since the Group has no assessable profit for the year ended 31 December 2019.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2020	2019
	US$'000	*US$'000*
Profit before tax	**8,608**	6,004
Tax at Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	**1,420**	991
Tax effect of income that is not taxable	**(9,408)**	(8,531)
Tax effect of expenses that are not deductible	**7,715**	7,309
Tax effect of tax losses not recognised	**390**	327
Effect of different tax rates of subsidiaries	**(117)**	(96)
Underprovision in prior year	**5**	–
Income tax expense	**5**	–

As at 31 December 2020, the Group has unused tax losses of approximately US$3,448,000 (2019: US$2,938,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams from those loss making subsidiaries. The aforesaid unused tax losses of the Group have not yet been agreed by respective tax authorities. The expiry date of unrecognised tax losses are summarised as follows:

	2020	2019
	US$'000	*US$'000*
On 31 December 2022	**43**	43
On 31 December 2023	**789**	789
On 31 December 2024	**1,003**	1,003
On 31 December 2025	**1,442**	–
Carried forward indefinitely	**171**	1,103
	3,448	2,938

9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2020	2019
	US$'000	*US$'000*
Auditors' remuneration	**154**	160
Allowance for other receivables	**204**	–
Cost of inventories sold	**–**	1,600
Depreciation of property, plant and equipment	**5,079**	3,117
Depreciation of right-of-use assets	**5,858**	6,065
Exchange losses, net	**89**	218
Fair value (gains)/losses on derivative financial instruments, net	**(8)**	201
(Gain)/loss on disposal of derivative financial instruments	**(9)**	5
Write-off of trade receivables	**38**	–
Write-off of other receivables	**183**	–
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	**1,589**	1,048
— Retirement benefits scheme contributions	**34**	109
— Other benefits	**170**	146
	1,793	1,303

10. DIVIDEND

The directors do not recommend the payment of a dividend (2019: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	2020	2019
	US$'000	*US$'000*
Earnings		
Profit for the year attributable to owners of the Company	**8,603**	6,004
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares	**423,169**	400,000

No diluted earnings per share was presented for the year ended 31 December 2020 (2019: Nil) as there was no potential ordinary share outstanding.

12. TRADE RECEIVABLES

For time charter, the Group generally receives monthly prepayments from customers. For voyage charter, the Group generally receives full payments within five business days after completion of cargo loading. For CoA, the Group generally receives full payments within three business days after completion of cargo discharging. For demurrage claims, the balances are normally paid within 30 days after the finalisation. For trading of asphalt, the balances are normally paid within 30 days after the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	2020	2019
	US$'000	*US$'000*
0 to 30 days	**1,462**	2,167
Over 30 days	**–**	146
	1,462	2,313

The carrying amounts of the Group's trade receivables are denominated in US$.

13. SHARE CAPITAL

	Number of shares	**Amount**
		US$'000
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020 (US$0.01 each)	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	400,000,000	4,000
Issue of shares *(Note)*	40,000,000	400
At 31 December 2020 (US$0.01 each)	440,000,000	4,400

Note: On 19 May 2020, the Company entered into two subscription agreements (the "Subscription Agreements") with Forever Win Asia Trading Limited and Profit Source HK Trading Limited (the "Subscribers"), pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 40,000,000 subscription shares (the "Subscription Shares") at the subscription price of HK$1.092 per Subscription Share for an aggregate cash consideration of HK$43,680,000 (equivalent to approximately US$5,628,866). The subscription was completed on 3 June 2020.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 December 2020, over 25% (2019: over 25%) of the shares were in public hands.

14. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2020	2019
	US$'000	*US$'000*
0 to 30 days	**1,695**	1,480
31 to 60 days	**150**	26
Over 60 days	**64**	414
	1,909	1,920

The carrying amounts of the Group's trade payables are denominated in US$.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31 December 2020, our Group recorded revenue of approximately US$56.0 million, representing an increase of 12.4% compared with the last year, with three operating segments which included asphalt tanker chartering services; bulk carrier chartering services; and asphalt trading. Our Group principally provides asphalt tanker chartering services under various types of charter agreements comprising: (i) time charters; and (ii) voyage charters and contracts of Affreightment ("**CoAs**"). In late 2019, we acquired two second-hand Capesize vessels, namely XYG Fortune and XYMG Noble, which have been providing bulk carrier time chartering services to our customers, and contributed new source of income to our Group.

Currently we operate a fleet of twelve vessels with total capacity of approximately 470,000 dwt, in which six vessels are operated under asphalt tanker time charters, four vessels are operated under asphalt tanker voyage charters or CoAs and the remaining two second-hand Capesize vessels are operated under bulk carrier time charters. Most of our vessel fleet are operated under time charters and are chartered to customers with high performance capabilities on a long-term basis ranging from one to five years, which generated steady income for our Group.

We endeavour to provide high quality asphalt tanker and bulk carrier chartering services. We have our own team of engineers and we are actively involved in the design of our vessels. Our team works closely with ship design experts, our customers, the shipyards, the international classification societies and banks or finance lease companies. Our major customers include global shipping and logistics groups, global independent energy traders, and publicly traded energy companies based in the United States. Our Group has diversified our business and services and gradually developed our own customers portfolio.

With our Group's experienced management team and competitive strengths, our Directors believe that our Group is well-positioned to further develop our presence in the asphalt tanker chartering services market and bulk carrier time chartering services. Hence, our Group maintains the variety of services types with a balanced approach to meet different demands in the market.

Although the China's economy was affected by the outbreak of COVID-19 in 2020, the imported asphalt has increased by approximately 476.6 thousand tons or 11% year-on-year, as the infrastructure investment still played a key role in China's economy during the year. During this tough period, basically new shipbuilding orderbooks of asphalt carriers remain low in the global market, and some shipowners disposed older or upgraded their vessels, rather than merging or acquiring other competitors in order to expand their fleet, which might lead to a reduction in the number of available vessels. In addition, new environmental regulation on product tanker fleet could experience a further reduction in supply. Accordingly, the short and medium term outlook for asphalt tankers remains positive. Besides, the market of asphalt tanker chartering services across the globe is well developed and relatively mature and stable for many years, and this market is expected to maintain stability and gradually develop in the foreseeable future.

We believe the regions in Asia, Africa and South America have a higher demand of asphalt tanker chartering, because the need of asphalt is increasing for infrastructure and construction investments, including Asian developing countries contracted for the infrastructure projects under China's Belt and Road Initiative, and countries in Africa and South America with infrastructure plan to improve their nation's transportation network. In the wake of the COVID-19 pandemic, many governments globally may consider the infrastructure investment as an important part of post-COVID-19 economic recovery strategy in coming years. Countries around the world, especially China, Europe and the United States, may need to stimulate urgently their own economic development, mainly through infrastructure investment, such as the United States proposed a US$1.9 trillion dollars American Rescue Plan amid the COVID-19 pandemic, will further increase the demand for asphalt as well as the asphalt tanker chartering. In addition, the asphalt market demand in China is expected to continue to grow, driven by rising demand for downstream asphalt industries, especially highway construction and maintenance, and a surge in investment in infrastructure construction, may lead to the growth of demand in asphalt tanker chartering.

The growth of the dry bulk carrier market has been dismal since the outbreak of COVID-19, with almost every industry facing massive loss, but market conditions have been rebounding since the middle of the year. Therefore, we have a positive outlook on dry bulk carrier market and expect a rebound in the coming year, as the global economy is expected to grow once more after the COVID-19 pandemic and effective vaccine on the greater population. Especially, the capesize type can be the leading segment in the market as a result of the high demand for transporting iron ore, commodity raw materials and coal among Asia Pacific regions.

However, the global economy could be adversely affected by a resurgence in COVID-19 infections and the appearance of new strains of the virus in various countries. In addition, the US-Sino relationship and the sanctions against Iran and Venezuela have no further progress recently, our business may be challenged by these risk factors and uncertainties.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, our revenue increased to approximately US$56.0 million by approximately US$6.2 million or 12.4% from approximately US$49.8 million for the year ended 31 December 2019. For the Years Under Review, such increase was mainly due to the increase in revenue generated from the two second-hand Capesize vessels for providing new bulk carrier time chartering services since late 2019.

Since two second-hand Capesize vessels, namely XYG Fortune and XYMG Noble, were delivered in late 2019, which contributed revenue from bulk carrier time chartering services, amounting to approximately US$10.6 million, to our Group for the year ended 31 December 2020, while they only contributed an insignificant revenue from bulk carrier time chartering services, amounting to approximately US$0.6 million, to our Group for the year ended 31 December 2019.

Revenue generated from asphalt tanker time charter services decreased by approximately US$3.8 million or 14.7% from approximately US$25.8 million for the year ended 31 December 2019 to approximately US$22.0 million for the year ended 31 December 2020. Such decrease in revenue was mainly attributable to the combined effect of (i) lower contracted hire rate was concluded when the time charters renewal with existing or new time charterparties by reference to the then market spot rate for (a) two vessels in the second half of 2019 and (b) a vessel in the first half of 2020, so that their revenue dropped as compared to the same period last year, though we maintained the similar level of time charter services for the Years Under Review, but partially offset by (ii) the revenue from Baustella increased by approximately US$2.1 million for the Years Under Review, when it has been changed from voyage charter to time charter since April 2020.

The increase of approximately US$1.6 million or 7.4% of revenue generated from asphalt tanker voyage charter, and CoAs from approximately US$21.7 million for the year ended 31 December 2019 to approximately US$23.3 million for the year ended 31 December 2020, was mainly due to (i) the increasing average daily hire rate for the voyage charter, and CoAs market in 2020 mainly owing to the market tightening in 2020 so that limiting the availability of vessels on the spot market to rise the prevailing market rates, which was contributed by the factors, including oil prices plummeted in the first half of 2020 resulting in a surge in demand for tanker which were used as floating storages, logistical bottlenecks, trading inefficiencies, port congestions, and contango trades; but such increase was partially offset by (ii) the revenue from Baustella decreased by approximately US$2.7 million for the Years Under Review, when the operation of our vessel Baustella has been changed from voyage charter to time charter since April 2020.

During the year ended 31 December 2020, no revenue was generated from trading of asphalt. While the trading of asphalt contributed an insignificant revenue, amounting to approximately US$1.7 million, to our Group for the year ended 31 December 2019.

Cost of sales

Our cost of sales increased by approximately US$3.5 million or 9.8%, from approximately US$35.8 million for the year ended 31 December 2019 to approximately US$39.3 million for the year ended 31 December 2020. Such increase was in line with the increase in revenue, mainly resulting from (i) a significant increase in operating costs for the two second-hand Capesize vessels operated under bulk carrier time charter, namely XYG Fortune and XYMG Noble, which were delivered in late 2019, and were in full operation for the year ended 31 December 2020, but partially offset by (ii) none of asphalt trading transaction during the year ended 31 December 2020.

The increase of cost of sales was mainly due to the combined effect of following factors:

(i) our crew expenses recorded an increase of approximately US$1.4 million or 12.7%, which was mainly due to the fact that our two new Capesize vessels, XYG Fortune and XYMG Noble, were delivered in late 2019 and put into full operation for the year ended 31 December 2020, but relatively short period operation for the year ended 31 December 2019;

(ii) our depreciation recorded an increase of approximately US$1.7 million or 18.7%, which was mainly due to the fact that the two Capesize vessels were depreciated in full for the year ended 31 December 2020, but an insignificant depreciation was charged for the year ended 31 December 2019;

(iii) other operating costs (other than crew expenses and depreciation) such as insurance, inspection, spare parts and port charges etc. incurred for the two Capesize vessels were approximately US$2.5 million for the year ended 31 December 2020, while such costs were approximately US$0.1 million for the year ended 31 December 2019;

but partially offset by

(iv) our bunker fees recorded a decrease of approximately US$0.7 million or 11.7%, which was mainly due to a significant price decline of bunker market in 2020, though our Group has used low Sulphur fuel oil with higher price when the new regulation of IMO2020 was implemented in January 2020; and

(v) no asphalt trading transaction was made for the year ended 31 December 2020, while the cost for asphalt trading business amounted to approximately US$1.6 million for the year ended 31 December 2019.

Gross profit and gross profit margin

Our gross profit increased by approximately US$2.7 million or 19.3%, from approximately US$14.0 million for the year ended 31 December 2019 to approximately US$16.7 million for the year ended 31 December 2020. Such increase was mainly due to (i) the gross profit of approximately US$4.7 million generated from the aforementioned two second-hand Capesize vessels operated under bulk carrier time charter for the year ended 31 December 2020, (ii) the increase in the gross profit generated from asphalt tanker voyage charters and CoAs, but partially offset by (iii) the decrease in the gross profit generated from asphalt tanker time charters services.

Besides, our overall gross profit margin increased from approximately 28.1% for the year ended 31 December 2019 to approximately 29.8% for the year ended 31 December 2020, which was mainly attributable to the new bulk carrier time chartering services having a relatively higher profit margin of approximately 43.8% for the year ended 31 December 2020.

Our gross profit from asphalt tanker voyage charters and CoAs increased by approximately US$2.6 million or 68.4% for the year ended 31 December 2020, which was in line with (i) the rise of revenue generated from asphalt tanker voyage charters and CoAs of approximately 7.4%, and (ii) the higher gross profit margin from asphalt tanker voyage charters and CoAs resulting from the increasing average daily hire rate for the voyage charter, and CoAs market in 2020.

Our gross profit generated from asphalt tanker time charters services decreased by approximately US$4.4 million or 44.0% for the year ended 31 December 2020, and its gross profit margin dropped by approximately 13.5 percentage point. Such decrease was in line with the decline in revenue from asphalt tanker time chartering by approximately 14.7%, and lower contracted hire rate when the time charter renewal with existing or new time charterparties for two vessels in the second half of 2019 and a vessel in the first half of 2020.

Other income

Our other income decreased by approximately US$0.9 million or 60.0% from approximately US$1.5 million for the year ended 31 December 2019 to approximately US$0.6 million for the year ended 31 December 2020. The decrease was mainly due to the decrease in non-recurring insurance compensation income of approximately US$0.8 million in relation to the repair costs of vessels for the Years Under Review.

Administrative expenses

Our Group's administrative expenses increased by approximately US$0.7 million or 28.0% from approximately US$2.5 million for the year ended 31 December 2019 to approximately US$3.2 million for the year ended 31 December 2020, mainly due to the facts that (i) the loan handling charges of approximately US$0.1 million in non-recurring nature were incurred for loan arrangement for the two Capesize vessels in the first quarter of 2020; and (ii) increase in staff costs (including directors' emoluments) of approximately US$0.5 million.

Other operating expenses

Other operating expenses of our Group remained at approximately US$0.6 million for each of the years ended 31 December 2019 and 2020, mainly included the fair value losses on interest rate swap contracts, allowance for other receivables and vessels repair costs.

Exchange gains/losses, net

Our Group's net exchange losses decreased to approximately US$89,000 for the year ended 31 December 2020 from approximately US$0.2 million for the year ended 31 December 2019, which was principally attributable to the exchange fluctuation of our Group's borrowings denominated in Singapore Dollars ("**SGD**"). United States dollars ("**USD**") depreciated against SGD by approximately 2.0% for the year ended 31 December 2020, while USD depreciated against SGD by approximately 1.0% for the year ended 31 December 2019, resulting in exchange losses when translation of the borrowings denominated in SGD in both financial years. Besides, our Group gradually decreased the borrowings denominated in SGD during the Years Under Review by approximately 21.0%, to approximately US$13.2 million as at 31 December 2020 as compared to the balance of approximately US$16.7 million as at 31 December 2019.

Finance costs

Our finance costs declined by approximately US$1.3 million, or 21.3% for the year ended 31 December 2020 as compared to the last year. The decrease was mainly due to gradual repayment of borrowings and lease liabilities during the year ended 31 December 2020.

Income tax expense

Income tax expense of approximately US$5,000 for the year ended 31 December 2020 mainly represented under-provision for Singapore Corporate Income Tax in prior year. During the year ended 31 December 2020, Singapore Corporate Income Tax has been provided at rate of 17%.

No provision for Hong Kong Profits Tax and PRC Corporate Income Tax was made since our Group has no assessable profit for the Years Under Review.

Profit for the year

Our profit for the Years Under Review increased by approximately US$2.6 million, or 43.3% to approximately US$8.6 million for the year ended 31 December 2020 as compared to approximately US$6.0 million for the year ended 31 December 2019, while our net profit margin also increased to approximately 15.4% from approximately 12.0% for the respective years. Such increase in our profit for the Years Under Review was primarily due to the increase in gross profits of approximately US$2.7 million, mainly attributable to the contribution from the two new Capesize vessels operated under bulk carrier time charter.

FINANCIAL POSITION

As at 31 December 2020, our Group's total assets amounted to approximately US$212.5 million (2019: approximately US$219.0 million) with net assets amounting to approximately US$119.3 million (2019: approximately US$105.1 million). As at 31 December 2020, gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.75, representing a decrease of 27.9 percentage points as compared to that of 1.04 as at the end of 2019. Net debt to equity ratio (net debt, being our total debts net of bank and cash balances and pledged bank deposits, by total equity attributable to owners of our Company) of our Group was 0.66 as at 31 December 2020, representing a decrease of 34.0 percentage points as compared to that of 1.0 as at the end of 2019. Current ratio of our Group was 0.45, representing an increase of 95.7 percentage points as compared to that of 0.23 as at the end of 2019, as a result of the net operating inflows and net proceeds from new shares issued during the year ended 31 December 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the liquidity position had an improvement as compared to the end of 2019. Our Group adopts a balanced approach to cash and financial management to ensure proper risk control and lower the costs of funds, and seek to maintain optimal level of liquidity that can meet our working capital needs while supporting a healthy level of business and our various growth strategies. Our Group finances our operations and growth primarily through cash generated from operations, borrowing and finance lease arrangement, as well as the net proceeds from the new shares issued.

As at 31 December 2020, our Group had net current liabilities of approximately US$17.4 million. Our Directors are confident that our Group has ability to continue to attain profitable and positive cash flows operations in the immediate and longer terms. In order to strengthen our liquidity in the foreseeable future, our Group has taken several measures, including but not limited to (i) a related company has agreed to extend the repayment date of loans to our Group amounted to approximately US$2.5 million from December 2021 to December 2022. The aforesaid supplementary agreement with a related company was signed on 2 March 2021; (ii) our Group entered into a finance lease with a financial institution for approximately US$12.6 million with the pledge of a vessel of our Group for a period of six years on 2 March 2021. Further on 8 March 2021, our Group received US$12.4 million from the financial institution; (iii) negotiating with banks and other financial institutions in advance for renewal and obtaining new banking facilities; (iv) our Group has been taking various cost control measures to tighten the costs of operations; and (v) our Group has been implementing various strategies to enhance our Group's revenue and profitability. Considering the current and anticipated future liquidity of our Group and the above measures, our Directors have concluded that our Group will have sufficient working capital to meet in full its financial obligations as they fall due and accordingly the consolidated financial statements have been prepared on a going concern basis.

As at 31 December 2020, our Group's borrowings and lease liabilities of approximately US$88.9 million in aggregate decreased by approximately US$20.8 million as compared to 31 December 2019, which was primarily due to repayment of debts financing by the profits generated from operations as well as the proceeds from issuance of new shares during the year ended 31 December 2020. During the year ended 31 December 2020, our Group obtained the proceeds from borrowings with total amount of US$20.5 million, mainly including two other loans and one loan from a related company; on the other hand, our Group has repaid the aggregate borrowings and lease liabilities of approximately US$41.6 million on a timely basis.

As at 31 December 2020, our Group had pledged bank deposits and bank and cash balances of approximately US$10.2 million in aggregate, representing an increase of approximately US$6.0 million as compared to approximately US$4.2 million as at 31 December 2019. Such increase was mainly due to profits generated from operations as well as the proceeds from issuance of new shares. Our pledged bank deposits are denominated in USD and most of our bank and cash balances are denominated in USD.

Treasury Policies

The primary objective of our Group's capital management is to maintain its ability to continue as a going concern so that our Group can constantly provide returns for shareholders of our Company (the "**Shareholders**") and benefits for other stakeholders by securing access to financing at reasonable costs. Our Group actively and regularly reviews and manages its capital structure and makes adjustment by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities.

INDEBTEDNESS

As at 31 December 2020, our Group's indebtedness mainly comprised borrowings and lease liabilities of approximately US$43.5 million and US$45.4 million respectively. Our borrowings are denominated in USD and SGD, while lease liabilities are denominated in USD. All borrowings and lease liabilities are arranged at floating rates, thus exposing our Group to cash flow interest rate risk. During the year ended 31 December 2020, our Group used interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows.

The maturity of borrowings and lease liabilities as at 31 December 2020 is as follows:

	Borrowings	**Lease liabilities**
	US$'000	*US$'000*
Within one year	12,787	14,184
More than one year, but not exceeding two years	15,087	17,022
More than two years, but not more than five years	15,660	14,149
	43,534	45,355

As at 31 December 2020, our borrowings comprised of bank loans, other loans and loans from a related company, amounting to approximately US$25.2 million, US$15.8 million and US$2.5 million, respectively.

Bank loans were obtained for the sole purpose of the construction of the vessels. As at 31 December 2020, the bank loans were secured by the followings:

(a) mortgage over our Group's vessels;

(b) corporate guarantees provided by our Company and subsidiaries; and

(c) pledged bank deposits and restricted bank balances.

Other loans were obtained for the additional working capital of our Group. As at 31 December 2020, the other loans were secured by the followings:

(a) mortgage over our Group's vessels;

(b) corporate guarantees provided by our Company and subsidiaries; and

(c) restricted bank balances.

As at 31 December 2020, our lease liabilities of approximately US$45.3 million were secured by:

(a) charges over our Group's certain right-of-use assets;

(b) corporate guarantee provided by our Company and/or subsidiaries;

(c) restricted bank balances; and

(d) shares of certain subsidiaries.

The remaining lease liabilities of approximately US$0.1 million was in relation to the office properties leases and no collateral was secured.

FOREIGN CURRENCY RISKS

Our Group has a certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities such as SGD and Renminbi. Our Group also has adopted a foreign exchange rate and interest rate risk control policy to manage the foreign exchange risk and interest rate risk. Our Group monitors the foreign currency exposure closely and will consider hedging transactions to mitigate significant foreign currency exposure should the need arise. Our Group has foreign currency forward contracts to hedge the foreign currency risk in respect of borrowings denominated in SGD.

PLEDGE OF ASSETS

As at 31 December 2020, the carrying amounts of pledged bank deposits, bank balances restricted from being used and vessels pledged as securities for our Group's borrowings amounted to approximately US$1.4 million, US$1.7 million and US$95.0 million respectively. As at 31 December 2020, the carrying amounts of vessels as right-of-use assets held by our Group and bank balances restricted from being used under finance leases arrangement amounted to approximately US$103.1 million and US$1.2 million, respectively.

CAPITAL COMMITMENT

As at 31 December 2020, our Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 December 2020, our Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

We value our employees and recognise the importance of a good relationship with our employees. We recruit our employees based on their work experience, education background and qualifications. To maintain and ensure the quality of our employees, we provide our personnel formal and on-the-job training to enhance their technical skills as well as knowledge of industry quality standards and work place safety standards. As at 31 December 2020, our Group had a total of 35 employees of which 30 were in the PRC, 2 were in Hong Kong and 3 were in Singapore. The remuneration to our employees includes salaries and allowances. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions.

Our Group's total employee benefit expenses (including Directors' emoluments) for the year ended 31 December 2020 and 2019 were approximately US$1.8 million and US$1.3 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the year ended 31 December 2020.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2020, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by our Group.

EVENTS AFTER THE REPORTING PERIOD

(a) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. Our Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of our Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on our Group's financial position, cash flows and operating results at the date of this announcement.

(b) On 2 March 2021, our Group entered into a supplementary agreement with a related company for the extension of the repayment term from December 2021 to December 2022.

(c) On 2 March 2021, our Group entered into a finance lease agreement of US$12,600,000 for the additional working capital of our Group. The lease is repayable in six years, and secured by the followings:

    (i) charge over a vessel of our Group;

    (ii) corporate guarantee provided by our Company;

    (iii) restricted bank balance; and

    (iv) 100% of the shares of a subsidiary

    Further on 8 March 2021, our Group received approximately US$12.4 million from the financial institution.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme on 6 September 2018 and which became effective on 26 September 2018. Under the share option scheme, the eligible participants of the scheme, including Directors, full-time employees of and advisers and consultants to our Company or our subsidiaries may be granted options which entitle them to subscribe for ordinary shares of the Company ("**Shares**"), when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Unless otherwise cancelled or amended, the scheme will remain in force for 10 years from that date. No share option had ever been granted under the scheme since its adoption.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no definite future plan for material investments or acquisition of material capital assets as at 31 December 2020.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

Pursuant to the subscription agreements dated 19 May 2020, the Company allotted and issued, and the subscribers subscribed for, an aggregate of 40,000,000 Shares at HK$1.092 per Share for an aggregate cash consideration of HK$43,680,000 (equivalent to approximately US$5,628,866) on 3 June 2020 (the "**Subscriptions**").

The aggregate gross proceeds of the Subscriptions amounted to HK$43,680,000 (equivalent to approximately US$5,628,866) and the aggregate net proceeds, after the deduction of the related expenses, was approximately HK$43,280,000 (equivalent to approximately US$5,577,320). As at 31 December 2020, the net proceeds from the Subscriptions remained unutilised and it is intended that they will be applied for general working capital of the Group in the next three years as follows:

	Proposed use of proceeds as disclosed in the announcement of the Company dated 19 May 2020	**Utilised up to 31 December 2020**	**Un-utilised up to 31 December 2020**
	HK$	*HK$*	*HK$*
General working capital	43,280,000	–	43,280,000

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 December 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code throughout the year ended 31 December 2020.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the issuance of 40,000,000 Shares on 3 June 2020 pursuant to the subscription agreements as disclosed in the announcement of the Company dated 19 May 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

SCOPE OF WORK OF RSM HONG KONG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by RSM Hong Kong on this announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 17 June 2021, the register of members of the Company will be closed from Friday, 11 June 2021 to Thursday, 17 June 2021, both days inclusive, during the period no transfer of shares will be registered. All transfers accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m on Thursday, 10 June 2021.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, Mr. Suen Chi Wai, Mr. Lai Guanrong and Mr. Xu Jie. Mr. Suen Chi Wai is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated results for the year ended 31 December 2020 together with the management and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xysgroup.com). The annual report will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPOINTMENT OF EXECUTIVE DIRECTORS

The Board is pleased to announce that Mr. Chen Ming ("**Mr. Chen**") and Mr. Lin Shifeng ("**Mr. Lin**") each has been appointed as an executive Director with effect from 25 March 2021.

Set out below is the biography of Mr. Chen and Mr. Lin:

Mr. Chen Ming is 25 years old, who has approximately 2 years of experience in corporate governance. From September 2018 to October 2020, Mr. Chen worked in Xinhua Fortune Group Company Limited* (興華財富集團有限公司) (a company primarily engaged in Iron and steel, e-commerce, agriculture, real estate, tourism and other industries coordinated development) as the assistant to the chairman, responsible for assisting the chairman of the board to call and preside over the general meeting of the management, organising the discussion of the company's development plan, operation policy, annual plan and major issues in daily operation.

Mr. Chen is the son of Mr. Chen Mao Chun, who held in a total of 116,000,000 Shares, representing approximately 26.36% of the share interest in the Company through his wholly owned company named UNIVERSAL INTERNATIONAL TECHNOLOGY (HONG KONG) LIMITED (環宇國際科技(香港)有限公司).

Mr. Chen graduated from Beijing Sport University (北京體育大學) and received a bachelor's degree in Sports Economics And Management in July 2018.

As at the date of this announcement, Mr. Chen (i) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years; and (ii) is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

Mr. Lin Shifeng, aged 44, has been serving as the financial controller of the Company since July 2016. Mr. Lin has participated in the management of the group since July 2016 where he has been primarily responsible for overseeing the financial planning and accounting management of the Group.

Mr. Lin has approximately 20 years of relevant experience in accounting and finance management, where he has spent approximately 18 years in the shipping industry. Prior to joining the group, Mr. Lin worked as a financial supervisor at Fujian Wanfeng Shoes Co., Ltd* (福建萬豐鞋業有限公司), a company principally engaged in sports products production, from July 2000 to November 2003, where he was mainly responsible for cost accounting and difference analysis, data statistics and financial statement preparation.

From November 2003 to January 2006, Mr. Lin worked as an accountant at P&O NEDLLOYD (CHINA) Ltd. Fuzhou Branch (鐵行渣華(中國)船務有限公司福州分公司), a company principally engaged in shipping business, where he was mainly responsible for cost accounting and cost control.

From February 2006 to November 2007, Mr. Lin worked as an assistant accountant and cost manager at Maersk Logistics (China) Co., Ltd., a company principally engaged in container shipping, where he was mainly responsible for registering and controlling operational cost and assisting payment center to arrange operational payment.

From November 2007 to January 2015, Mr. Lin served as a financial officer at CMA CGM (China) Shipping Co.,Ltd. Fuzhou Branch (達飛輪船(中國)有限公司福州分公司), a company principally engaged in container transportation, where he was mainly responsible for accounting management and accounting principal setting up.

Mr. Lin served as the finance manager of Jincheng Hengtong from March 2015 until April 2016 and as the financial controller from July 2016 until November 2017, where he was mainly responsible for accounting management.

From April 2016 to June 2016, Mr. Lin served as a finance manager at Air Liquide (Fuzhou) Co., Ltd* (液化空氣(福州)有限公司), a company principally engaged in the supplying of industrial gases and services, where he was mainly responsible for accounting management and accounting principal setting up.

Mr. Lin graduated from Changchun University of Science and Technology (長春理工大學), formerly known as Changchun Institute of Optics and Precision Instruments (長春光學精密器械學院) and received a bachelor 's degree in accounting in July 2000. Mr. Lin obtained the certificate for passing all the required subjects of the professional stage of the national uniform CPA Examination of P.R. China (註冊會計師全國統一考試專業階段考試合格證書) issued by the Certified Public Accountant Examination Committee of The Ministry of Finance, P.R. China (財政部註冊會計師考試委員會) in December 2018.

Mr. Lin holds in a total of 17,478,000 Shares, representing approximately 3.97% of the share interest in the Company through his wholly owned company named Profit Source HK Trading Limited.

Save as disclosed above, as at the date of this announcement, Mr. Lin (i) has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years; and (ii) is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Chen and Mr. Lin have entered into service contracts with the Company respectively for an initial term of three years commencing on 25 March 2021, which are both automatically renewable for one year after the expiry of the initial term until termination in accordance with the provisions under the service contracts. The service contracts may be terminated by either party by giving three months' written notice. Mr. Chen and Mr. Lin will hold office until the next general meeting of the Company after their appointment and will be eligible for re-election at each annual general meeting in accordance with the articles of association of the Company. Under the service contracts, Mr. Chen is entitled to Director's remuneration of RMB600,000 per annum and Mr. Lin is entitled to Director's remuneration of RMB600,000 per annum with reference to their experience, roles in the Board and the prevailing market conditions. Mr. Chen and Mr. Lin both confirmed that there is no other information relating to their appointments which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

The Board would like to extend a warm welcome to Mr. Chen and Mr. Lin in joining the Board.

CHANGE OF BUILDING NAME OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board hereby announces that the building name of the Company's principal place of business in Hong Kong has been changed from "Sunlight Tower" to "Dah Sing Financial Centre", therefore the principal place of business of the Company in Hong Kong had been updated as 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong with effect from 25 March 2021.

Save for the change of the building name, the physical location of the Company's principal place of business in Hong Kong remains unchanged. The Company's website, telephone number and facsimile number remain unchanged.

By order of the Board
XIN YUAN ENTERPRISES GROUP LIMITED
Wang Faqing
Chairman

Hong Kong, 25 March 2021

As at the date of this announcement, Mr. Wang Faqing, Mr. Xu Wenjun, Mr. Ding Yuzhao, Mr. Chen Ming and Mr. Lin Shifeng are the executive Directors, and Mr. Lai Guanrong, Mr. Suen Chi Wai and Mr. Xu Jie are the independent non-executive Directors.