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)

PROFIT WARNING

This announcement is made by Xin Yuan Enterprises Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 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 in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, as compared to a net profit of approximately US$5.0 million for the six months ended 30 June 2020, the Group is expected to record a decrease in net profit, ranging from 65% to 75% for the six months ended 30 June 2021 (the "**Reporting Period**") based on the preliminary assessment of the unaudited management accounts of the Group.

The Board considers that the drop in the net profit for the Reporting Period was primarily attributable to the following reasons:

1. in the six months ended 30 June 2020, the Group received a one-off compensation of approximately US$1.3 million from the early termination of the charter agreement in respect of a vessel of the Group (details of which was disclosed in the announcement of the Company dated 31 December 2019). The revenue of the Group during the Reporting Period decreased as compared to that of the six months ended 30 June 2020 due to the absence of such compensation;

2. the decrease in revenue due to the off-hire during dry-docking and the increase in dry-docking cost as two of the Group's vessels were required to dry-dock for passing the renewal survey every five years and one of the Group's vessels was required to dry-dock for passing the intermediate survey every two to three years during the Reporting Period, respectively;

3. the increase in crew expenses during the Reporting Period due to the impact of COVID-19; and

4. the increase in the cost of repair and the off-hire due to the delay in shipping schedule as a result of a vessel of the Group carried out an temporary voyage repair in Japan instead of Shanghai during the Reporting Period due to Shanghai's epidemic control measures.

Notwithstanding the above, the Board believes that the Group still maintains a solid financial position and cash flow. The Group has long-term customers and has established stable relationships with customers. On the other hand, the Group continues to focus on providing high quality asphalt tanker and bulk carrier chartering services. The Group will keep continuous attention on the change of situation and make timely responses.

As at the date of this announcement, the Company is still in the process of finalizing the consolidated interim results of the Group for the Reporting Period. The information contained in this announcement is only based on a preliminary review by the management of the Company of information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company.

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

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

Hong Kong, 16 August 2021

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