

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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\$8.6 million for the year ended 31 December 2020, the Group is expected to record a decrease in net profit, ranging from 75% to 85% for the year ended 31 December 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 year ended 31 December 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 year ended 31 December 2020 due to the absence of such compensation;
2. the decrease in charter service income as a result of route deviation and loss in charter period for the vessels of the Group due to the difficulties in arranging crew changes in light of the stringent COVID-19 control and quarantine measures at various ports;
3. the increase in crew expenses during the Reporting Period due to the impact of COVID-19 and the difficulties in arranging crew changes;

4. the increase in dry-docking costs and the decrease in revenue due to the off-hire as four vessels of the Group were required to dry-dock for passing the regular renewal or intermediate survey during the Reporting Period; and
5. a significant increase in bunker cost during the Reporting Period due to the impact of continued rising fuel prices.

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 pay 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 annual 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 or the audit committee of the Board.

Shareholders and potential investors of the Company should refer to the Group's annual results announcement for the year ended 31 December 2021, which is expected to be published by the end of March 2022.

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
Chen Ming
Chairman

Hong Kong, 2 March 2022

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