

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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF XYMG NOBLE

THE DISPOSAL

On 22 December 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Vessel at a consideration of US\$16,950,000 according to the terms and conditions set out therein.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and publication of announcement requirements under the Listing Rules but are exempt from the shareholders' approval requirement.

THE DISPOSAL

On 22 December 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Vessel at a consideration of US\$16,950,000 according to the terms and conditions set out therein.

THE AGREEMENT

The principal terms of the Agreement are set forth below:

Date

22 December 2023

Parties

- (i) The Vendor; and
- (ii) The Purchaser

Subject Matter

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Vessel.

Consideration

The Consideration for the Disposal is US\$16,950,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (i) a deposit in the sum of US\$1,695,000 (the “**Deposit**”), representing 10% of the Consideration, shall be paid into the escrow account within three (3) Banking Days after the Agreement has been signed by the parties and the opening of the Deposit Holder Account;
- (ii) the remaining balance of the Consideration in the sum of US\$15,255,000, representing 90% of the Consideration, and the estimated amount payable in relation to the lubricating oils remaining on board (the “**Balance Money**”) and any other sums whatsoever to be paid by the Purchaser to the Vendor in accordance with the Agreement shall be paid to the escrow account at least two (2) Banking Days prior to the expected delivery date of the Vessel; and
- (iii) the Deposit, the Balance Money and the other sum shall be released to the Vendor in full free of bank charges upon delivery of the Vessel.

The Consideration was determined (i) by reference to the fair value of the Vessel, being US\$16,000,000 to US\$17,000,000, based on the valuation of the market value of the Vessel as at 20 December 2023 stated in the Valuation Report (the “**Valuation**”); (ii) by applying the appropriate adjustments to the Valuation by the Company in consideration of various material factors relating to the Vessel, including the then market supply and demand of similar vessels; and (iii) after arm’s length negotiations between the parties on normal commercial terms. The Directors consider that the Consideration arrived at in respect of the Vessel is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Vessel

The Vessel is a bulker with a gross tonnage of 101,933, built in 2004 and registered in Monrovia. As at 22 December 2023, the unaudited net asset book value of the Vessel was approximately US\$13,090,000. The net profit attributable to the Vessel for each of the two financial years ended 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2021 (audited) US\$'000	For the year ended 31 December 2022 (audited) US\$'000
Net profit before taxation	2,287	603
Net profit after taxation	2,287	603

Delivery of the Vessel

Pursuant to the Agreement, the Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in Singapore to Japan range excluding Taiwan in the Vendor's option. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with the Agreement, the Vendor shall give the Purchaser a written notice of readiness for delivery. The Vessel is expected to be delivered by the Vendor to the Purchaser between 1 February 2024 and 31 March 2024.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of asphalt tanker chartering services under various types of charter agreement comprising: (i) time charters; and (ii) voyage charters and contracts of affreightment.

The Vendor is a ship owning company and an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated under the laws of Singapore, is a shipping company and its principal business activities include chartering of ships and boats with crew. The Purchaser is ultimately owned as to 50% by Mr. Chen Li and the remaining 50% is owned by two individuals. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Based on the unaudited net book value of the Vessel as at 22 December 2023 as described above, the Group would realize a disposal gain of approximately US\$3.69 million on disposal of the Vessel. The disposal gain for the Vessel was calculated after estimated expenses of approximately US\$0.17 million, which mainly includes commission fees. However, the actual disposal gain which the Group would realize upon completion of the Disposal will depend on the net book value of the Vessel as at date of delivery in accordance with the Group's impairment and depreciation policy for its vessels as shown in the Company's annual report and the actual costs of disposal being incurred of the Vessel as at the date of delivery. The Group intends to keep all net sale proceeds received as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group continuously reviews the prevailing market conditions of the shipping industry and monitors and adjusts the Group's fleet profile as appropriate. Prior to the completion of the Disposal, the Group currently owns or leases a total of 11 vessels for its business operation for generation of revenue and profit, of which one is a bulker (i.e. the Vessel). The Directors believe that the Disposal will not have any material adverse effect on the operations of the Group and enable the Group to enhance its working capital position and further strengthen its liquidity, and optimize the fleet profile through ongoing management of its assets. The Directors consider that the terms and conditions of the Agreement, which were determined after arm's length negotiations between the parties on normal commercial terms, are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and publication of announcement requirements under the Listing Rules but are exempt from the shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the memorandum of agreement dated 22 December 2023 entered into between the Vendor and the Purchaser in respect of the disposal of the Vessel
“Banking Day(s)”	a day or days on which banks are open in New York, Hong Kong, Singapore and the People’s Republic of China
“Board”	the board of directors of the Company
“Company”	Xin Yuan Enterprises Group Limited (信源企業集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 28 June 2016, and its shares are listed on the Main Board of the Stock Exchange (stock code: 1748)
“Consideration”	the aggregate consideration in the sum of US\$16,950,000 for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Vessel under the Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	SAFE ARRIVAL SHIPPING PTE. LTD., a company incorporated under the laws of Singapore, or its guaranteed nominee
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Valuation Report”	the valuation report dated 20 December 2023 prepared by an independent valuer adopting the market approach in respect of the market value of the Vessel as at 20 December 2023

“Vendor”	Z&L Dolphin Shipping Limited (海豚船務有限公司), a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vessel”	XYMG NOBLE with IMO No. 9314674
“%”	per-cent

By order of the Board
XIN YUAN ENTERPRISES GROUP LIMITED
Chen Ming
Chairman

Hong Kong, 22 December 2023

As at the date of this announcement, Mr. Chen Ming, Mr. Chen Jiagan, 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.