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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF TWO VESSELS

ACQUISITION OF TWO VESSELS

The Board announces that on 5 August 2024 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Shipbuilding Contract, pursuant to which the Seller agreed to construct two Vessels for the Buyer for a consideration of US\$21,000,000 for each Vessel, with an aggregate consideration of US\$42,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the acquisition of the two Vessels under the Shipbuilding Contract exceeds 5% but is less than 25%, the acquisition of the two Vessels under the Shipbuilding Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 5 August 2024 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Shipbuilding Contract, pursuant to which the Seller agreed to construct two Vessels for the Buyer for a consideration of US\$21,000,000 for each Vessel, with an aggregate consideration of US\$42,000,000.

SHIPBUILDING CONTRACT

The principal terms of the Shipbuilding Contract are as follows:

Date

5 August 2024

Parties

- (1) The Buyer, an indirect wholly-owned subsidiary of the Company; and
- (2) the Seller.

Asset to be acquired

Two Vessels, each a 9,550 dwt chemical/asphalt tanker. The first Vessel is expected to be delivered to the Group on or before 31 December 2025 and the second Vessel is expected to be delivered to the Group on or before 31 March 2026, subject to the advance or delay in delivery in accordance with terms of Shipbuilding Contract.

Consideration

US\$21,000,000 for each Vessel, with an aggregate consideration of US\$42,000,000. Such consideration excludes any fee and cost of the supplies provided by the Buyer.

The consideration was determined after arm's length negotiations between the Buyer and the Seller with reference to the market prices for construction of new vessels of similar size and similar specifications in the open market as determined by the Directors. The Directors, including the independent non-executive Directors, are of the view that the terms of the Shipbuilding Contract were concluded after arm's length negotiations under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

It is currently expected that the consideration will be funded by internal resources of the Group and/or external financing from financial or other institutions.

Payment terms

The consideration of each Vessel shall be paid by the Buyer to the Seller in cash in five instalments in accordance with the construction progress of each Vessel, details are as follow:

- (1) the first instalment of 20% of the consideration (being US\$4,200,000 for each Vessel) is payable within five business days after the entering into the Shipbuilding Contract;
- (2) the second instalment of 20% of the consideration (being US\$4,200,000 for each Vessel) is payable within five business days after the Buyer received a copy of the certificate of commencement of construction signed by the ship classification society;

- (3) the third instalment of 20% of the consideration (being US\$4,200,000 for each Vessel) is payable within five business days after the Buyer received a copy of the certificate of keel-laying signed by the ship classification society;
- (4) the fourth instalment of 20% of the consideration (being US\$4,200,000 for each Vessel) is payable within five business days after the Buyer received a copy of the certificate of launching signed by the ship classification society; and
- (5) the fifth instalment of 20% of the consideration (being US\$4,200,000 for each Vessel) is payable upon the delivery of the Vessel.

The Buyer may at its option rescind the Shipbuilding Contract or adjust the consideration for each Vessel under the circumstances including, *inter alia*, (i) any delay in the delivery of such Vessel; (ii) insufficient speed of such Vessel; and (iii) excessive fuel consumption by such Vessel. Any adjustments shall be settled together with the fifth instalment.

Refund Guarantee

The Seller shall provide a refund guarantee issued by a bank to the Buyer at the time of the payment of the fourth instalment by the Buyer to guarantee the full payment of the first, second, third and fourth instalments made by the Buyer to the Seller under Shipbuilding Contract. The refund guarantee can be called upon should the Shipbuilding Contract be rescinded by the Buyer in accordance with the terms of the Shipbuilding Contract.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF TWO VESSELS

The Group is principally engaged in provision of asphalt tanker chartering services and bulk carrier chartering services. The acquisition of the two Vessels under the Shipbuilding Contract will help the Group to optimise its vessel fleet and increase shipment scale and is in line with the ongoing strategy of the Group to provide high quality chartering services, to further develop its presence in the asphalt tanker chartering services market and to enhance its comprehensive competitiveness.

The terms of the Shipbuilding Contract were arrived at after arm's length negotiations between the Buyer and the Seller with reference to the market prices for construction of new vessels of similar size and similar specifications in the open market as determined by the Directors. The Directors, including the independent non-executive Directors, are therefore of the view that the terms of the Shipbuilding Contract and the transactions contemplated thereunder, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE SHIPBUILDING CONTRACT

The Company, the Group and the Buyer

The Company is an investment holding company. The Group is principally engaged in provision of asphalt tanker chartering services and bulk carrier chartering services. The Buyer is principally engaged in vessel owning and chartering services and is an indirect wholly-owned subsidiary of the Company.

The Seller

The Seller is a company established in the PRC with limited liability. The Seller is principally engaged in research and development and manufacturing of engineering construction and operation and construction of railways, highways, bridges, tunnels, urban rail transit, ports and docks, manufacturing and repair of vessels, containers and electromechanical products, repair and research and development of rail transit vehicles and its parts and accessories, etc. The Seller is a directly wholly-owned subsidiary of China Railway Hi-Tech Industry Co., Ltd. (中鐵高新工業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600528).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the acquisition of the two Vessels under the Shipbuilding Contract exceeds 5% but is less than 25%, the acquisition of the two Vessels under the Shipbuilding Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Buyer”	Shun Yuen Group (Hong Kong) Limited (信源集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on 19 August 2014, which is indirectly wholly-owned by 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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“dwt”	an acronym for deadweight tonnage, a measure expressed in metric tons or long tons of a ship's carrying capacity, including cargoes, bunker, fresh water, crew and provisions
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Seller”	China Railway Science & Industry Group Co., Ltd. (中鐵科工集團有限公司)
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shipbuilding Contract”	the shipbuilding contract dated 5 August 2024 entered into between the Buyer and the Seller in respect of the construction of two Vessels
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vessels”	two units of 9,550 dwt chemical/asphalt tankers to be constructed and delivered by the Seller under the Shipbuilding Contract and “Vessel” means any of them
“%”	per-cent

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

Hong Kong, 5 August 2024

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