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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)**

### **MAJOR TRANSACTION IN RELATION TO THE SALE AND LEASEBACK FINANCING ARRANGEMENT OF SAN DU AO AND ZHUANG YUAN AO**

#### **THE SALE AND LEASEBACK (JULY 2022)**

Reference is made to the announcement of the Company dated 5 May 2022 in relation to the Sale and Leaseback (May 2022) and the announcement of the Company dated 10 June 2022 in relation to the Sale and Leaseback (June 2022).

The Board hereby announces that on 7 July 2022:

- (a) Charterer I, an indirect wholly-owned subsidiary of the Company, entered into: (1) the Memorandum of Agreement I with Owner I, pursuant to which Owner I conditionally agreed to purchase and Charterer I conditionally agreed to sell Vessel I subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement I with Owner I in relation to the bareboat chartering of Vessel I; and
- (b) Charterer II, an indirect wholly-owned subsidiary of the Company, entered into: (1) the Memorandum of Agreement II with Owner II, pursuant to which Owner II conditionally agreed to purchase and Charterer II conditionally agreed to sell Vessel II subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement II with Owner II in relation to the bareboat chartering of Vessel II,

(together, the “**Sale and Leaseback (July 2022)**”).

Under the Bareboat Charter Agreements, the respective Charterers lease back the respective Vessels from the respective Owners and also have the Purchase Option to purchase the respective Vessels from the respective Owners, and if the Purchase Option is not exercised, the respective Charterers have the Purchase Obligation at the end of the Charter Period to purchase the respective Vessels from the respective Owners subject to the conditions contained therein.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the Sale and Leaseback (July 2022) and the Prior Transactions as announced previously shall be aggregated as if they were one transaction since they were all completed within a 12-month period. As one or more applicable percentage ratios (as defined in the Listing Rules) on an aggregate basis exceed 25% but all are less than 75%, the entering into of the Memorandum of Agreements and the Bareboat Charter Agreements and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Leaseback (July 2022). A circular containing, among other things, (i) further information relating to the Sale and Leaseback (July 2022); (ii) other information as required under the Listing Rules; and (iii) notice of the EGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 31 July 2022 to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

**Completion of the two sale and leaseback arrangement of each of Vessel I and Vessel II is subject to the satisfaction of certain conditions precedent set out in the respective transaction document. The two sale and leaseback arrangement are not inter-conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board hereby announces that on 7 July 2022:

- (a) Charterer I, an indirect wholly-owned subsidiary of the Company, entered into: (1) the Memorandum of Agreement I with Owner I, pursuant to which Owner I conditionally agreed to purchase and Charterer I conditionally agreed to sell Vessel I subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement I with Owner I in relation to the bareboat chartering of Vessel I; and
- (b) Charterer II, an indirect wholly-owned subsidiary of the Company, entered into: (1) the Memorandum of Agreement II with Owner II, pursuant to which Owner II conditionally agreed to purchase and Charterer II conditionally agreed to sell Vessel II subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement II with Owner II in relation to the bareboat chartering of Vessel II.

## DETAILS OF THE MEMORANDUM OF AGREEMENTS AND THE BAREBOAT CHARTER AGREEMENTS

### I. Memorandum of Agreement I and Bareboat Charter Agreement I

#### Date

7 July 2022

#### Parties

- (i) Charterer I (as seller under the Memorandum of Agreement I and as charterer under the Bareboat Charter Agreement I)
- (ii) Owner I (as purchaser under the Memorandum of Agreement I and as owner under the Bareboat Charter Agreement I)

#### Subject Matter

Pursuant to the Memorandum of Agreement I, Charterer I conditionally agreed to sell, and Owner I conditionally agreed to purchase, Vessel I. Pursuant to the Bareboat Charter Agreement I, Charterer I agreed to lease back Vessel I from Owner I, immediately after the delivery of Vessel I from Charterer I to Owner I pursuant to the Memorandum of Agreement I.

#### Vessel I

Vessel I is an asphalt tanker with a gross tonnage of 9,963, built in 2011. As at 31 December 2021, the net asset book value of Vessel I was approximately US\$12,685,000. The net profit attributable to Vessel I for each of the two financial years ended 31 December 2020 and 31 December 2021 are set out below:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	(audited)	(audited)
	<i>US\$'000</i>	<i>US\$'000</i>
Net profit before taxation	3,324	1,036
Net profit after taxation	3,324	1,036

#### Consideration

Pursuant to the Memorandum of Agreement I, the purchase price of Vessel I is US\$9,500,000 (the “**Purchase Price of Vessel I**”) and shall be settled by Owner I through telegraphic transfer, net of an advance hire and a deposit paid by Charterer I under the Bareboat Charter Agreement I.

The Purchase Price of Vessel I was determined (i) by reference to the fair value of Vessel I, being US\$13,100,000, based on the valuation of the market value of Vessel I as at 20 January 2022 stated in the Valuation Report I (the “**Valuation of Vessel I**”); (ii) by applying the appropriate adjustments to the Valuation of Vessel I by the

Company in consideration of various material factors relating to Vessel I, 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 Purchase Price of Vessel I arrived at in respect of Vessel I is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Charter Period**

The Charter Period shall be a period of 60 months commencing from the Actual Delivery Date.

### **Deposit**

Charterer I shall pay a deposit in an amount equal to 1.5% of the Finance Principal I to Owner I before the Actual Delivery Date pursuant to the Bareboat Charter Agreement I.

### **Charter Hire**

The charter hire, being all and any hire for use of Vessel I payable by Charterer I, for each Hire Period shall be paid on the last day of the relevant Hire Period (each, a "**Hire Payment Date**"), except for the Advance Hire I (as defined below), and shall consist of:

- (i) an advance hire: an amount equals to the difference between the Purchase Price of Vessel I and the Finance Principal I (the "**Advanced Hire I**") payable on the Actual Delivery Date;
- (ii) a fixed hire: an amount equals to the Finance Principal I minus the Balloon I to be repaid in full by 20 consecutive quarterly equal instalments (the "**Fixed Hire I**"); and
- (iii) a variable hire: an amount calculated by multiplying (a) the Purchase Price of Vessel I as may be reduced by payment of the Advanced Hire I, the Fixed Hire I and the Balloon I immediately prior to the relevant Hire Payment Date; (b) the aggregate of the margin of 3.75% per annum and the Applicable Rate (as defined in the Bareboat Charter Agreement I); and (c) a fraction whose denominator is 360 and whose numerator is the number of days elapsed during the relevant Hire Period.

### **Conditions Precedent**

Completion and the obligation of Owner I to charter Vessel I to Charterer I is conditional upon, among other things:

- (i) the satisfaction of the conditions precedent as set out in the Bareboat Charter Agreement I;
- (ii) the Company having obtained the requisite Shareholders' approval in respect of the Memorandum of Agreement I and the Bareboat Charter Agreement I and the transactions contemplated thereunder in accordance with the Listing Rules; and

- (iii) Owner I and Charterer I having obtained all other necessary consent, licence, approval, authorisation or other document, opinion or assurance in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents I or for the validity and enforceability thereof.

### **Purchase Option**

At any time after and including the 2nd anniversary of the Actual Delivery Date of Vessel I and before the expiry date of the Charter Period and with at least 90 days' written notice, Charterer I has the option to purchase Vessel I by the payment to Owner I of the relevant outstanding Finance Principal I plus other sums due and payable but being unpaid under the Bareboat Charter Agreement I plus the prepayment fee at the applicable purchase date subject to the conditions set out in the Bareboat Charter Agreement I.

### **Purchase Obligation**

Unless Charterer I has exercised the Purchase Option, Charterer I shall, upon the expiry date of the Charter Period, purchase Vessel I from Owner I in the amount of US\$100 together with all unpaid sums and break cost (if any) subject to the conditions set out in the Bareboat Charter Agreement I.

### **Other Documents**

In connection with the transactions contemplated under the Memorandum of Agreement I and the Bareboat Charter Agreement I, the following documents (collectively, the "**Other Documents I**"), among others, will be entered into on the Actual Delivery Date, except that the Deed of Accession (as defined below) has been entered into on 5 May 2022:

- (i) a deed of assignment executed by Charterer I in favour of Good Trend Shipping Limited, a company incorporated under the laws of Hong Kong (the "**Trustee**"), in relation to certain Charterer I's rights and interest in and to, among others, the earnings, insurances, requisition compensation and any sub-charter in respect of Vessel I;
- (ii) a commercial manager's undertaking executed by Fujian Xinyuanxinlanhai Import and Export Trade Co., Ltd. (福建信源新藍海進出口貿易有限公司), a company incorporated under the laws of the People's Republic of China, in favour of the Trustee; and
- (iii) a deed of accession in respect of the security trust deed dated 2 March 2021 (as set out in the announcement of the Company dated 24 May 2021, under which the Trustee was appointed to hold certain property on trust) (the "**Deed of Accession**") executed by, among others, Owner I and Charterer I.

## **Guarantee**

The Company, as the parent company of Charterer I, has entered into a guarantee in favour of Owner I on 7 July 2022 (the “**Guarantee I**”) in respect of, among others:

- (i) to guarantee the punctual performance by Charterer I of all of its obligations under the Transaction Documents I;
- (ii) to undertake to Owner I that whenever Charterer I does not pay any amount when due under or in connection with any Transaction Document I, the Company shall immediately on demand pay that amount as if it were the principal obligor; and
- (iii) to agree with Owner I that if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal, the Company will, as an independent and primary obligation, indemnify Owner I immediately on demand against any cost, loss or liability it incurs as a result of Charterer I not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Transaction Document I on the date when it would have been due. The amount payable by the Company under this indemnity will not exceed the amount it would have had to pay under the Guarantee I if the amount claimed had been recoverable on the basis of a guarantee.

## **II. Memorandum of Agreement II and Bareboat Charter Agreement II**

### **Date**

7 July 2022

### **Parties**

- (i) Charterer II (as seller under the Memorandum of Agreement II and as charterer under the Bareboat Charter Agreement II)
- (ii) Owner II (as purchaser under the Memorandum of Agreement II and as owner under the Bareboat Charter Agreement II)

### **Subject Matter**

Pursuant to the Memorandum of Agreement II, Charterer II conditionally agreed to sell, and Owner II conditionally agreed to purchase, Vessel II. Pursuant to the Bareboat Charter Agreement II, Charterer II agreed to lease back Vessel II from Owner II, immediately after the delivery of Vessel II from Charterer II to Owner II pursuant to the Memorandum of Agreement II.

## Vessel II

Vessel II is an asphalt tanker with a gross tonnage of 9,963, built in 2012. As at 31 December 2021, the net asset book value of Vessel II was approximately US\$16,660,000. The net profit attributable to Vessel II for each of the two financial years ended 31 December 2020 and 31 December 2021 are set out below:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	(audited)	(audited)
	<i>US\$'000</i>	<i>US\$'000</i>
Net profit before taxation	513	359
Net profit after taxation	513	359

## Consideration

Pursuant to the Memorandum of Agreement II, the purchase price of Vessel II is US\$11,500,000 (the “**Purchase Price of Vessel II**”) and shall be settled by Owner II through telegraphic transfer, net of an advance hire and a deposit paid by Charterer II under the Bareboat Charter Agreement II.

The Purchase Price of Vessel II was determined (i) by reference to the fair value of Vessel II, being US\$16,700,000, based on the valuation of the market value of Vessel II as at 20 January 2022 stated in the Valuation Report II (the “**Valuation of Vessel II**”); (ii) by applying the appropriate adjustments to the Valuation of Vessel II by the Company in consideration of various material factors relating to Vessel II, 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 Purchase Price of Vessel II arrived at in respect of Vessel II is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Charter Period

The Charter Period shall be a period of 60 months commencing from the Actual Delivery Date.

## Deposit

Charterer II shall pay a deposit in an amount equal to 1.5% of the Finance Principal II to Owner II before the Actual Delivery Date pursuant to the Bareboat Charter Agreement II.

## **Charter Hire**

The charter hire, being all and any hire for use of Vessel II payable by Charterer II, for each Hire Period shall be paid on the Hire Payment Date, except for the Advance Hire II (as defined below), and shall consist of:

- (i) an advance hire: an amount equals to the difference between the Purchase Price of Vessel II and the Finance Principal II (the “**Advanced Hire II**”) payable on the Actual Delivery Date;
- (ii) a fixed hire: an amount equals to the Finance Principal II minus the Balloon II to be repaid in full by 20 consecutive quarterly equal instalments (the “**Fixed Hire II**”); and
- (iii) a variable hire: an amount calculated by multiplying (a) the Purchase Price of Vessel II as may be reduced by payment of the Advanced Hire II, the Fixed Hire II and the Balloon II immediately prior to the relevant Hire Payment Date; (b) the aggregate of the margin of 3.75% per annum and the Applicable Rate (as defined in the Bareboat Charter Agreement II); and (c) a fraction whose denominator is 360 and whose numerator is the number of days elapsed during the relevant Hire Period.

## **Conditions Precedent**

Completion and the obligation of Owner II to charter Vessel II to Charterer II is conditional upon, among other things:

- (i) the satisfaction of the conditions precedent as set out in the Bareboat Charter Agreement II;
- (ii) the Company having obtained the requisite Shareholders’ approval in respect of the Memorandum of Agreement II and the Bareboat Charter Agreement II and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (iii) Owner II and Charterer II having obtained all other necessary consent, licence, approval, authorisation or other document, opinion or assurance in connection with their entry into and performance of the transactions contemplated by any of the Transaction Documents II or for the validity and enforceability thereof.

## **Purchase Option**

At any time after and including the 2nd anniversary of the Actual Delivery Date of Vessel II and before the expiry date of the Charter Period and with at least 90 days’ written notice, Charterer II has the option to purchase Vessel II by the payment to Owner II of the relevant outstanding Finance Principal II plus other sums due and payable but being unpaid under the Bareboat Charter Agreement II plus the prepayment fee at the applicable purchase date subject to the conditions set out in the Bareboat Charter Agreement II.

## **Purchase Obligation**

Unless Charterer II has exercised the Purchase Option, Charterer II shall, upon the expiry date of the Charter Period, purchase Vessel II from Owner II in the amount of US\$100 together with all unpaid sums and break cost (if any) subject to the conditions set out in the Bareboat Charter Agreement II.

## **Other Documents**

In connection with the transactions contemplated under the Memorandum of Agreement II and the Bareboat Charter Agreement II, the following documents (collectively, the “**Other Documents II**”), among others, will be entered into on the Actual Delivery Date, except that the Deed of Accession has been entered into on 5 May 2022:

- (i) a deed of assignment executed by Charterer II in favour of the Trustee, in relation to certain Charterer II’s rights and interest in and to, among others, the earnings, insurances, requisition compensation and any sub-charter in respect of Vessel II;
- (ii) a commercial manager’s undertaking executed by Fujian Xinyuanxinlanhai Import and Export Trade Co., Ltd. (福建信源新藍海進出口貿易有限公司), a company incorporated under the laws of the People’s Republic of China, in favour of the Trustee; and
- (iii) the Deed of Accession executed by, among others, Owner II and Charterer II.

## **Guarantee**

The Company, as the parent company of Charterer II, has entered into a guarantee in favour of Owner II on 7 July 2022 (the “**Guarantee II**”) in respect of, among others:

- (i) to guarantee the punctual performance by Charterer II of all of its obligations under the Transaction Documents II;
- (ii) to undertake to Owner II that whenever Charterer II does not pay any amount when due under or in connection with any Transaction Document II, the Company shall immediately on demand pay that amount as if it were the principal obligor; and
- (iii) to agree with Owner II that if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal, the Company will, as an independent and primary obligation, indemnify Owner II immediately on demand against any cost, loss or liability it incurs as a result of Charterer II not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Transaction Document II on the date when it would have been due. The amount payable by the Company under this indemnity will not exceed the amount it would have had to pay under the Guarantee II if the amount claimed had been recoverable on the basis of a guarantee.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTIONS**

The entering into of the Memorandum of Agreements and the Bareboat Charter Agreements is a sale and leaseback arrangement with regard to the Vessels, which the Company considers to be beneficial to the Group as the Group could obtain additional working capital while at the same time maintaining appropriate rights over the Vessels, which will also strengthen the cash flow of the Group.

In accordance with the requirements of Hong Kong Financial Reporting Standards, the entering into of the Memorandum of Agreements and the Bareboat Charter Agreements and the transactions contemplated thereunder shall be accounted for as a financing transaction and therefore would not give rise to any gain or loss.

The terms of the Memorandum of Agreements and the Bareboat Charter Agreements were arrived at after arm's length negotiations between the parties with reference to the value of the Vessels and the borrowing cost of the Group. The Directors are therefore of the view that the terms of the Memorandum of Agreements, the Bareboat Charter Agreements and the transactions contemplated thereunder, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE PARTIES**

### **The Company and the Charterers**

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. Each of Charterer I and Charterer II is also principally engaged in vessel owning and chartering services and is an indirect wholly-owned subsidiary of the Company.

### **The Owners**

Each of Owner I and Owner II is indirectly wholly-owned by Avic International Leasing Co., Ltd (中航國際租賃有限公司) (“**Avic Leasing**”). Avic Leasing is principally engaged in, among others, the finance lease business. Avic Leasing is an indirectly non-wholly owned subsidiary of Avic Industry-Finance Holdings Co., Ltd (中航工業產融控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600705).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Owner I and Owner II and their ultimate beneficial owner is a third party independent of the Company and connected persons of the Company.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the Sale and Leaseback (July 2022) and the Prior Transactions as announced previously shall be aggregated as if they were one transaction since they were all completed within a 12-month period. As one or more applicable percentage ratios (as defined in the Listing Rules) on an aggregate basis exceed 25% but all are less than 75%, the entering into of the Memorandum of Agreements and the

Bareboat Charter Agreements and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements.

## GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Leaseback (July 2022). A circular containing, among other things, (i) further information relating to the Sale and Leaseback (July 2022); (ii) other information as required under the Listing Rules; and (iii) notice of the EGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 31 July 2022 to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

**Completion of the two sale and leaseback arrangement of each of Vessel I and Vessel II is subject to the satisfaction of certain conditions precedent set out in the respective transaction document. The two sale and leaseback arrangement are not inter-conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Actual Delivery Date”	the date of delivery of the Vessels by the respective Owners to the respective Charterers under the Bareboat Charter Agreements
“Balloon I”	the amount which does not exceed the lower of (a) US\$2,000,000; or (b) 21% of the market value of Vessel I as provided in the Valuation Report I, payable by Charterer I to Owner I on the expiry date of the Charter Period
“Balloon II”	the amount which does not exceed the lower of (a) US\$2,000,000; or (b) 17% of the market value of Vessel II as provided in the Valuation Report II, payable by Charterer II to Owner II on the expiry date of the Charter Period
“Bareboat Charter Agreement I”	the bareboat charter agreement dated 7 July 2022 entered between Charterer I (as charterer) and Owner I (as owner) in relation to the bareboat chartering of Vessel I
“Bareboat Charter Agreement II”	the bareboat charter agreement dated 7 July 2022 entered between Charterer II (as charterer) and Owner II (as owner) in relation to the bareboat chartering of Vessel II
“Bareboat Charter Agreements”	the Bareboat Charter Agreement I and the Bareboat Charter Agreement II, collectively

“Board”	the board of Directors of the Company
“Charterer I”	Xin Yuan Ocean Shipping (HK) Group Limited (信源遠洋運輸(香港)集團有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Charterer II”	Xin De Yuan (Hong Kong) Shipping Limited (信德源(香港)船務有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Charterers”	Charterer I and Charterer II, collectively
“Charter Period”	the period of 60 months commencing from the Actual Delivery Date
“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
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Sale and Leaseback (July 2022)
“Finance Principal I”	the amount which is the lower of (a) US\$7,125,000; or (b) 75% of the market value of Vessel I as provided in the Valuation Report I
“Financial Principal II”	the amount which is the lower of (a) US\$8,625,000; or (b) 75% of the market value of Vessel II as provided in the Valuation Report II
“Group”	the Company and its subsidiaries
“Hire Period”	each and every three-month period during the Charter Period with the first Hire Period commenced on the Actual Delivery Date provided that if a Hire Period would otherwise extend beyond the expiration of the Charter Period, then such Hire Period shall terminate on the expiration of the Charter Period

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement I”	the memorandum of agreement dated 7 July 2022 entered between Charterer I and Owner I in relation to the sale and purchase of Vessel I
“Memorandum of Agreement II”	the memorandum of agreement dated 7 July 2022 entered between Charterer II and Owner II in relation to the sale and purchase of Vessel II
“Memorandum of Agreements”	the Memorandum of Agreement I and the Memorandum of Agreement II, collectively
“Owner I”	Bright Sandu Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“Owner II”	Bright Zhuangyuan Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“Owners”	Owner I and Owner II, collectively
“Prior Transactions”	the Sale and Leaseback (May 2022) and the Sale and Leaseback (June 2022), collectively
“Purchase Obligation”	the purchase obligation as set out under the sections headed “ <i>I. Memorandum of Agreement I and Bareboat Charter Agreement I — Purchase Obligation</i> ” and “ <i>II. Memorandum of Agreement II and Bareboat Charter Agreement II — Purchase Obligation</i> ”, respectively, in this announcement
“Purchase Option”	the purchase option as set out under the sections headed “ <i>I. Memorandum of Agreement I and Bareboat Charter Agreement I — Purchase Option</i> ” and “ <i>II. Memorandum of Agreement II and Bareboat Charter Agreement II — Purchase Option</i> ”, respectively, in this announcement
“Sale and Leaseback (May 2022)”	the sale and leaseback financing arrangement of Lilstella, as set out in the announcement of the Company dated 5 May 2022
“Sale and Leaseback (June 2022)”	the sale and leaseback financing arrangement of Orcstella, as set out in the announcement of the Company dated 10 June 2022
“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
“Transaction Documents I”	the Memorandum of Agreement I, the Bareboat Charter Agreement I, the Guarantee I, the Other Documents I and such other documents as may be designated as agreed by Owner I and Charterer I from time to time
“Transaction Documents II”	the Memorandum of Agreement II, the Bareboat Charter Agreement II, the Guarantee II, the Other Documents II and such other documents as may be designated as agreed by Owner II and Charterer II from time to time
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Valuation Report I”	the valuation report dated 24 January 2022 prepared by an independent valuer adopting the market approach in respect of the market value of Vessel I as at 20 January 2022
“Valuation Report II”	the valuation report dated 24 January 2022 prepared by an independent valuer adopting the market approach in respect of the market value of Vessel II as at 20 January 2022
“Vessel I”	San Du Ao with IMO No. 9608752
“Vessel II”	Zhuang Yuan Ao with IMO No. 9650339
“Vessels”	Vessel I and Vessel II, collectively
“%”	Per-cent

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

Hong Kong, 7 July 2022

*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.*