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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

Financial Summary

	For the year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Revenue	64,124	52,331
Cost of sales	(48,882)	(44,022)
	<hr/>	<hr/>
Gross profit	15,242	8,309
Profit from operations	16,374	5,327
Finance costs	(5,442)	(3,596)
Profit for the year	10,931	1,721
	<hr/> <hr/>	<hr/> <hr/>
	As of	
	31 December 2022	31 December 2021
	US\$'000	US\$'000
Financial Positions		
Non-current assets	169,928	191,327
Current assets	42,723	9,172
Non-current liabilities	47,803	37,952
Current liabilities	32,970	41,517
Net assets	131,878	121,030
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue	4	64,124	52,331
Cost of sales		<u>(48,882)</u>	<u>(44,022)</u>
Gross profit		15,242	8,309
Other income	5	6,196	1,299
Administrative expenses		(4,580)	(3,664)
Other operating expenses		(341)	(1,034)
Exchange (losses)/gains, net		<u>(143)</u>	<u>417</u>
Profit from operations		16,374	5,327
Finance costs	7	<u>(5,442)</u>	<u>(3,596)</u>
Profit before tax		10,932	1,731
Income tax expense	8	<u>(1)</u>	<u>(10)</u>
Profit for the year	9	<u>10,931</u>	<u>1,721</u>
Earnings per share	11		
Basic (cents per share)		<u>2.48</u>	<u>0.39</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2022

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Profit for the year	<u>10,931</u>	<u>1,721</u>
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(83)</u>	<u>2</u>
Other comprehensive income for the year, net of tax	<u>(83)</u>	<u>2</u>
Total comprehensive income for the year	<u><u>10,848</u></u>	<u><u>1,723</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		122,710	113,455
Right-of-use assets		47,218	77,872
		<hr/>	<hr/>
Total non-current assets		169,928	191,327
Current assets			
Derivative financial instruments		58	–
Inventories		1,777	2,165
Trade receivables	<i>12</i>	600	1,299
Other receivables, deposits and prepayments		570	463
Pledged bank deposits		1,412	1,399
Bank and cash balances		38,306	3,846
		<hr/>	<hr/>
Total current assets		42,723	9,172
		<hr/>	<hr/>
TOTAL ASSETS		212,651	200,499
EQUITY AND LIABILITIES			
Share capital	<i>13</i>	4,400	4,400
Reserves		127,478	116,630
		<hr/>	<hr/>
Total equity		131,878	121,030
LIABILITIES			
Non-current liabilities			
Borrowings		47,158	23,620
Lease liabilities		645	14,332
		<hr/>	<hr/>
Total non-current liabilities		47,803	37,952
		<hr/>	<hr/>

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Current liabilities			
Derivative financial instruments		–	160
Contract liabilities		–	257
Borrowings		13,080	17,058
Lease liabilities		14,340	17,121
Trade payables	<i>14</i>	3,062	5,898
Other payables and accruals		2,488	1,023
		<hr/>	<hr/>
Total current liabilities		32,970	41,517
		<hr/>	<hr/>
Total liabilities		80,773	79,469
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		212,651	200,499
		<hr/> <hr/>	<hr/> <hr/>
Net current assets/(liabilities)		9,753	(32,345)
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		179,681	158,982
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

Xin Yuan Enterprises Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company under the Companies Act of the Cayman Islands on 28 June 2016. The address of its registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The address of its principal place of business in Hong Kong is 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of its subsidiaries are vessel owning and chartering services. The Company and its subsidiaries are collectively referred to as the “**Group**”.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers by services and the timing of revenue recognition for the year are as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charter and contract of affreightment, recognised over time	30,808	26,986
Revenue from other sources		
— Time charter	<u>33,316</u>	<u>25,345</u>
	<u><u>64,124</u></u>	<u><u>52,331</u></u>

5. OTHER INCOME

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Bank interest income	189	3
Compensation income	271	1,162
Fair value gains on derivative financial instruments, net	218	118
Gain on disposal of property, plant and equipment	5,472	3
Government grants (<i>Note</i>)	4	10
Gain on early termination of lease	8	–
Sundry income	<u>34</u>	<u>3</u>
	<u><u>6,196</u></u>	<u><u>1,299</u></u>

Note: During the year, the Group recognised government grants in respect of COVID-19 related subsidies provided by the governments of Singapore and Hong Kong (2021: from government of Singapore).

6. SEGMENT INFORMATION

The Group has three operating segments as follows:

Asphalt tanker chartering services	–	Provision of asphalt tanker chartering services
Bulk carrier chartering services	–	Provision of bulk carrier chartering services
Asphalt trading	–	Trading of asphalt

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated interest revenue, unallocated interest expense, unallocated corporate income and unallocated corporate expenses. Segment assets do not include certain other receivables, deposits and prepayments and certain bank and cash balances. Segment liabilities do not include certain lease liabilities and certain other payables and accruals. Segment non-current assets do not include certain property, plant and equipment.

Information about operating segment profit or loss, assets and liabilities:

	Asphalt tanker chartering services <i>US\$'000</i>	Bulk carrier chartering services <i>US\$'000</i>	Asphalt trading <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended 31 December 2022:				
Revenue from external customers	53,536	10,588	–	64,124
Segment profit	6,897	8,144	–	15,041
Interest expense	3,859	1,487	–	5,346
Depreciation	8,465	2,076	–	10,541
Income tax expense	1	–	–	1
Other material item of income and expense:				
Gain on disposal of property, plant and equipment	–	5,472	–	5,472
Additions to segment non-current assets	<u>2,243</u>	<u>1,337</u>	<u>–</u>	<u>3,580</u>
As at 31 December 2022:				
Segment assets	<u>177,996</u>	<u>15,622</u>	<u>–</u>	<u>193,618</u>
Segment liabilities	<u>64,860</u>	<u>14,049</u>	<u>–</u>	<u>78,909</u>

	Asphalt tanker chartering services <i>US\$'000</i>	Bulk carrier chartering services <i>US\$'000</i>	Asphalt trading <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended 31 December 2021:				
Revenue from external customers	41,851	10,480	–	52,331
Segment profit/(loss)	781	4,019	(8)	4,792
Interest expense	2,966	576	–	3,542
Depreciation	8,316	1,791	–	10,107
Income tax expense	4	–	6	10
Additions to segment non-current assets	<u>1,488</u>	<u>1,183</u>	<u>–</u>	<u>2,671</u>

As at 31 December 2021:

Segment assets	167,672	31,440	6	199,118
Segment liabilities	<u>64,507</u>	<u>13,427</u>	<u>–</u>	<u>77,934</u>

Reconciliations of segment profit or loss:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue		
Total revenue of reportable segments	<u>64,124</u>	<u>52,331</u>
Profit or loss		
Total profit or loss of reportable segments	15,041	4,792
Unallocated interest revenue	71	1
Unallocated interest expense	(96)	(54)
Unallocated corporate income	10	4
Unallocated corporate expenses	<u>(4,095)</u>	<u>(3,022)</u>
Consolidated profit for the year	<u>10,931</u>	<u>1,721</u>

Reconciliations of segment assets and liabilities:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Assets		
Total assets of reportable segments	193,618	199,118
Unallocated amounts:		
Other corporate assets	<u>19,033</u>	<u>1,381</u>
Consolidated total assets	<u>212,651</u>	<u>200,499</u>
Liabilities		
Total liabilities of reportable segments	78,909	77,934
Unallocated amounts:		
Other corporate liabilities	<u>1,864</u>	<u>1,535</u>
Consolidated total liabilities	<u>80,773</u>	<u>79,469</u>

Geographical information:*Revenue*

The Group's business is managed on a worldwide basis. The revenue generated from provision of asphalt tanker chartering services and provision of bulk carrier chartering services which are carried out internationally, and the way in which costs are allocated, preclude a meaningful presentation of geographical information.

Non-current assets

As at 31 December 2022 and 2021, over 99% of the Group's non-current assets are vessels.

The vessels are primarily utilised across geographical markets for shipment of liquid asphalt and dry bulk cargo throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no segment analysis is presented.

Revenue from major customers:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Provision of asphalt tanker chartering services		
Customer A	11,099	12,108
Customer B	16,884	10,348
Customer C (<i>Note (a)</i>)	6,958	N/A
Provision of bulk carrier chartering services		
Customer D (<i>Note (b)</i>)	<u>N/A</u>	<u>5,346</u>

Notes:

- (a) Revenue from Customer C represented less than 10% of the Group's revenue for the year ended 31 December 2021.
- (b) Revenue from Customer D represented less than 10% of the Group's revenue for the year ended 31 December 2022.

7. FINANCE COSTS

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Interest expense on lease liabilities	1,579	1,668
Interest rate swap expenses	57	281
Interest on borrowings	<u>3,806</u>	<u>1,647</u>
	<u>5,442</u>	<u>3,596</u>

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Current tax — Hong Kong Profits Tax		
Underprovision in prior year	—	6
Current tax — Singapore Corporate Income Tax		
Underprovision in prior year	<u>1</u>	<u>4</u>
Income tax expense	<u>1</u>	<u>10</u>

The Group mainly operates in Hong Kong, the People's Republic of China (the "PRC") and Singapore.

No provision for Hong Kong Profits Tax is required since the subsidiaries' income are derived from overseas sources which are not liable to Hong Kong Profits Tax or the subsidiaries have no assessable profit for the year (2021: Nil).

Singapore Corporate Income Tax has been provided at a rate of 17% (2021: 17%) except that the income of the subsidiaries in Singapore derived from vessel owning and chartering is exempted from Singapore Corporate Income Tax.

No provision for PRC Enterprise Income Tax was made since the subsidiaries in the PRC have no assessable profit for the year (2021: Nil).

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Profit before tax	<u>10,932</u>	<u>1,731</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	1,804	286
Tax effect of income that is not taxable	(11,613)	(8,945)
Tax effect of expenses that are not deductible	9,515	8,437
Tax effect of tax losses not recognised	453	342
Effect of different tax rates of subsidiaries	(159)	(120)
Underprovision in prior year	<u>1</u>	<u>10</u>
Income tax expense	<u><u>1</u></u>	<u><u>10</u></u>

As at 31 December 2022, the Group has unused tax losses of approximately US\$4,609,000 (2021: US\$4,867,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams from those loss making subsidiaries. The aforesaid unused tax losses of the Group have not yet been agreed by respective tax authorities. The expiry dates of unrecognised tax losses are summarised as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
On 31 December 2022	–	46
On 31 December 2023	799	842
On 31 December 2024	971	1,071
On 31 December 2025	1,225	1,539
On 31 December 2026	1,017	1,369
On 31 December 2027	<u>597</u>	<u>–</u>
	<u><u>4,609</u></u>	<u><u>4,867</u></u>

9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Auditors' remuneration	132	126
Depreciation of property, plant and equipment	7,407	6,426
Depreciation of right-of-use assets	3,424	3,867
Fair value gains on derivative financial instruments, net	(218)	(118)
Gain on disposal of property, plant and equipment	(5,742)	(3)
	<u><u> </u></u>	<u><u> </u></u>

10. DIVIDEND

The directors do not recommend the payment of a dividend (2021: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	10,931	1,721
	<u><u> </u></u>	<u><u> </u></u>
Number of shares	'000	'000
Weighted average number of ordinary shares	440,000	440,000
	<u><u> </u></u>	<u><u> </u></u>

No diluted earnings per share was presented for the year ended 31 December 2022 (2021: Nil) as there was no potential ordinary share outstanding.

12. TRADE RECEIVABLES

For time charter, the Group generally receives monthly prepayments from customers. For voyage charter, the Group generally receives full payments within five business days after completion of cargo loading. For contract of affreightment, the Group generally receives full payments within three business days after completion of cargo discharging. For demurrage claims, the balances are normally paid within 30 days after the finalisation. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
0 to 30 days	<u><u>600</u></u>	<u><u>1,299</u></u>

The carrying amounts of the Group's trade receivables are denominated in US\$.

13. SHARE CAPITAL

	Number of shares	Amount <i>US\$'000</i>
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022 (US\$0.01 each)	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022 (US\$0.01 each)	<u><u>440,000,000</u></u>	<u><u>4,400</u></u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The only externally imposed capital requirement is that, for the Group to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 December 2022, over 25% (2021: over 25%) of the shares were in public hands.

14. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 30 days	2,074	4,243
31 to 60 days	373	1,455
Over 60 days	615	200
	<hr/> 3,062 <hr/>	<hr/> 5,898 <hr/>

The carrying amounts of the Group's trade payables are denominated in US\$.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the Year Under Review, our Group recorded revenue of approximately US\$64.1 million, representing an increase of 22.6% compared with the same corresponding period in 2021, with two operating segments which included asphalt tanker chartering services and bulk carrier chartering services. Our Group principally provides asphalt tanker chartering services under various types of charter agreements comprising: (i) time charters; and (ii) voyage charters and contracts of affreightment (“CoAs”).

Currently, we operate a fleet of 11 vessels with total capacity of approximately 290,000 dwt, of which seven vessels are operated under asphalt tanker time charters, three vessels are operated under asphalt tanker voyage charters or CoAs and the remaining one second-hand Capesize vessel is operated under bulk carrier time charters. Those vessels operated under time charters are chartered to customers with high performance capabilities on a long-term basis ranging from one to three years, which generated steady income for our Group. In June 2022, our Group entered into an agreement to dispose XYG Fortune, a second-hand Capesize vessel operated under bulk carrier time charters, and the Disposal was completed on 22 August 2022. Our Directors believe that the Disposal would enable our Group to expand its core business, optimise its fleet composition to remain strategically competitive in the market and strengthen its financial position and improve liquidity.

We endeavour to provide high quality asphalt tanker and bulk carrier chartering services. We have our own team of engineers and we are actively involved in the design of our vessels. Our team works closely with ship design experts, our customers, shipyards, international classification societies and banks or finance lease companies. Our major customers include global shipping and logistics groups, global independent energy traders and publicly listed energy companies based in the United States. Our Group has diversified our business and services and gradually developed our own customer portfolio.

With our Group’s experienced management team and competitive strengths, our Directors believe that our Group is well-positioned to further develop our presence in the asphalt tanker chartering services market and bulk carrier time chartering services market. Hence, our Group maintains a variety of services types with a balanced approach to meet different demands in the market.

Throughout the year of 2022, the demand for asphalt tanker chartering services gradually improved which benefited our business to achieve substantial growth of revenue. However, the global asphalt shipping market faced challenges during the past few years, the economic activities in China were greatly affected by the strict pandemic control measures of COVID-19, and the outbreak of the Russia-Ukraine war in late February caused huge fluctuations in the petrochemical industry, consequently the crude oil price

remained at a high level throughout the year, the supply chain was disrupted and the trade direction changed. Following the reduction of shipping capacity of asphalt tankers in the Asian market, certain tankers transferred their operating areas to the Middle East market, resulting in an extreme shortage of shipping capacity of asphalt tankers in the Asian regional market. In the fourth quarter, the freight rate increased sharply. At the same time, this change also drove the rise of the European and American regional markets.

We predict that the global asphalt market will maintain a growth momentum in the next two years. To a certain extent, such growth may be contributed from the economically lagging regions such as Africa and South America, and developing regions such as Southeast Asia, Indonesia and Vietnam. According to the Frost & Sullivan report, the global asphalt shipping market is growing steadily, and the main growth points come from Asia-Pacific countries, in particular under the “Belt and Road Initiative” led by China, countries along the route have increased infrastructure construction. Other key drivers of the economic improvement in 2023 are the improved outlook for the Chinese economy following the relaxation of COVID-19 restrictions, and European and American countries may bring sizable increases in domestic infrastructure investment projects in the post COVID-19 period. It is expected that the demand for asphalt tanker chartering would increase steadily.

On the other side, we believe the shortage of shipping capacity of asphalt tankers will continue in particular markets, but asphalt tanker demand will grow faster than supply. Unsurprisingly, the tightening of the supply/demand balance may lead to an increase in freight rates and time charter rates.

In the bulk carrier chartering segment, we disposed of XYG Fortune, a Capesize vessel operated under bulk carrier time charter in the second half of 2022. We believe the Disposal had brought the greatest benefits to our Group, including focusing on the core business expansion, avoiding uncertainties in the bulk carrier market and strengthening liquidity.

Although we disposed a vessel in 2022, this segment continued to contribute steady revenue to our Group for the Year Under Review. Currently, we maintain one Capesize vessel to operate in the bulk carrier business, and believe this vessel will bring stable income in the coming year. However, the risk of headwinds of the dry bulk market is increasing in 2023. According to the Baltic Dry Index (“**BDI**”), the dry bulk market is volatile and the market risk is high. In the past two years, the BDI has remained at a high level and the price of bulk carriers has increased.

In light of the above, we are optimistic about the future of the asphalt shipping market and bulk carrier market. In order to improve our profitability, we will continue to optimise the fleet composition and strengthen business operation, including diversifying the business model, improving the operating capacity of vessels, reducing the off-hire time, and improving the maintenance level of vessels.

Obviously, our business is still subject to risks, for example, the Russia-Ukraine conflict, rise in global oil prices, trade restrictions, possible rebound of the COVID-19 pandemic and other uncertainties may continue to affect our operation in the near future. In particular, the Russia-Ukraine conflict has significantly impacted the stability of the global economy, exposing risks that are unpredictable and creating challenges for businesses around the world.

FINANCIAL REVIEW

Revenue

For the Year Under Review, our revenue increased to approximately US\$64.1 million by approximately US\$11.8 million or 22.6% from approximately US\$52.3 million for the year ended 31 December 2021. For the Year Under Review, such increase was mainly due to the increase in revenue generated from the asphalt tanker chartering business segment as a result of the improvement in market conditions.

Revenue generated from asphalt tanker time charters services increased significantly by approximately US\$7.8 million or 52.3% from approximately US\$14.9 million for the year ended 31 December 2021 to approximately US\$22.7 million for the year ended 31 December 2022. Such increase in revenue was mainly attributable to (i) the improvement in market conditions with average freight rate under time charter contracts for the year ended 31 December 2022 increasing by 19.4% compared to the corresponding period in 2021; (ii) the increase in revenue from Zhuang Yuan Ao and Jastella of approximately US\$6.6 million in aggregate as they have changed operation from voyage charters to time charters since February 2022 and May 2022, respectively, but was partially offset by (iii) the fact that Orcstella has changed operation from time charters to voyage charters since May 2021, resulted in reclassification of the revenue generated by it to voyage charters for the year ended 31 December 2022 (contributed US\$1.1 million as revenue from time charter services in the corresponding period of last year).

Revenue generated from asphalt tanker voyage charters and CoAs increased by approximately US\$3.8 million or 14.1% from approximately US\$27.0 million for the year ended 31 December 2021 to approximately US\$30.8 million for the year ended 31 December 2022, mainly due to (i) the improvement in market conditions with average freight rate under voyage charter contracts for the year ended 31 December 2022 increasing significantly by 34.9% compared to the corresponding period in 2021; (ii) the increase in revenue from two vessels as they had no off-hire during the year ended 31 December 2022, but there was off-hire during dry-docking for the year ended 31 December 2021 where one vessel was required to dry-dock for passing the renewal survey every five years and another vessel was required to dry-dock for passing the intermediate survey every two to three years; and (iii) the increase in revenue from Orcstella by approximately US\$5.2 million for the Year Under Review, as it has changed operation from time charters in May 2021, but offsetting by the fact that Zhuang Yuan

Ao and Jastella has changed operation from voyage charters to time charters since February 2022 and May 2022, respectively.

During the Year Under Review, two second-hand Capesize vessels, namely XYG Fortune and XYMG Noble, contributed an increase of approximately US\$0.1 million or 1.0% in revenue from bulk carrier time chartering services to our Group, to approximately US\$10.6 million for the year ended 31 December 2022 from US\$10.5 million for the year ended 31 December 2021, mainly attributable to the rise of freight rates of bulk carrier chartering services, but offsetting by the fact that the cessation of contribution from XYG Fortune upon its disposal in August 2022.

Cost of sales

Our cost of sales increased by approximately US\$4.9 million or 11.1%, from approximately US\$44.0 million for the year ended 31 December 2021 to approximately US\$48.9 million for the year ended 31 December 2022. Such increase was in line with the increase in revenue of approximately 22.6%, and mainly due to the combined effect of following factors:

- (i) our bunker fees recorded an increase of approximately US\$2.6 million or 31.0%, as a result of the significant rise of global bunker indices, the average bunker price increased sharply by approximately 30% to 60% for the year ended 31 December 2022 as compared to the same corresponding period in 2021;
- (ii) our crew expenses recorded an increase of approximately US\$1.5 million or 10.2%, resulting from increase in the prices for crew change, quarantine and other pandemic-related manning costs, which was mainly due to the impact of COVID-19; and
- (iii) our depreciation was charged at a mild increase of approximately US\$0.4 million or 4.3%, mainly due to the fact that no material vessels and dry-docking were acquired during the prior and current periods resulting in a steady amount of depreciation for the years ended 31 December 2021 and 2022.

Gross profit and gross profit margin

Our Group's gross profit increased sharply by approximately US\$6.9 million or 83.1%, from approximately US\$8.3 million for the year ended 31 December 2021 to approximately US\$15.2 million for the year ended 31 December 2022. Such increase was mainly in line with the increase of approximately 22.6% in revenue and the increase in gross profit margin.

Our overall gross profit margin improved from approximately 15.9% for the year ended 31 December 2021 to approximately 23.8% for the year ended 31 December 2022, which was mainly attributable to the increase in average freight rates under charter contracts as the market conditions for the asphalt tanker chartering services segment have improved, the increase of freight rates of bulk carrier chartering services for the Year Under Review, and the fact that the depreciation charge remained stable for the years ended 31 December 2021 and 2022, but was partially offset by the significant rise of bunker fee and the increase in crew expenses due to the impact of COVID-19.

Our gross profit generated from asphalt tanker time charters services significantly increased by approximately US\$3.1 million or 224.9% for the year ended 31 December 2022. Such increase was mainly attributable to the increase in revenue from asphalt tanker time chartering by approximately US\$7.8 million but partially offset by the increase in crew expenses of approximately US\$2.2 million. Accordingly, the gross profit margin increased by approximately 10.3 percentage points due to the improved market conditions.

Our gross profit from asphalt tanker voyage charters and CoAs increased by approximately US\$4.4 million or 199.1% for the year ended 31 December 2022. Such increase was mainly due to (i) the increase in revenue generated from asphalt tanker voyage charters and CoAs of approximately US\$3.8 million or 14.1%; (ii) the decrease in crew expenses of approximately US\$1.1 million, but was partially offset by (iii) the increase in bunker fee of approximately US\$2.5 million resulting from the significant rise of the bunker price market in 2022. Accordingly, the gross profit margin increased by approximately 13.3 percentage points due to the improved market conditions.

Our gross profit from bulk carrier time chartering services decreased by approximately US\$0.5 million or 12.4% for the year ended 31 December 2022, while its gross profit margin decreased by approximately 5.4 percentage points for the Year Under Review. It was mainly due to the discontinuance of profit contribution from XYG Fortune following its disposal in August 2022.

Other income

Our other income increased substantially by approximately US\$4.9 million from approximately US\$1.3 million for the year ended 31 December 2021 to approximately US\$6.2 million for the year ended 31 December 2022. The increase was mainly due to a gain on disposal of XYG Fortune of approximately US\$5.5 million, but offsetting by the fact that the decrease in non-recurring insurance compensation income of approximately US\$0.9 million in relation to the repair costs of vessels for the Year Under Review.

Administrative expenses

Our Group's administrative expenses increased by approximately US\$0.9 million or 24.3% from approximately US\$3.7 million for the year ended 31 December 2021 to approximately US\$4.6 million for the year ended 31 December 2022, primarily due to the increase in staff costs (including Directors' emoluments) of approximately US\$0.7 million.

Other operating expenses

Our Group's other operating expenses decreased from approximately US\$1.0 million for the year ended 31 December 2021, mainly in relation to accident-related costs of two vessels, to approximately US\$0.3 million for the year ended 31 December 2022.

Exchange (losses)/gains, net

Our Group recorded net exchange gains of approximately US\$0.4 million for the year ended 31 December 2021, while recorded net exchange losses of approximately US\$0.1 million for the year ended 31 December 2022, which was principally attributable to the exchange fluctuation of our Group's borrowings denominated in Singapore Dollars ("SGD"). USD appreciated against SGD by approximately 2.0% for the year ended 31 December 2021, but depreciated against SGD by approximately 0.6% for the year ended 31 December 2022, resulting in exchange gains for the year ended 31 December 2021 but exchange losses for the year ended 31 December 2022, when translation of the borrowings denominated in SGD. Besides, our Group gradually decreased the borrowings denominated in SGD from approximately US\$8.3 million as at 31 December 2021 to approximately US\$4.6 million as at 31 December 2022.

Finance costs

Our finance costs increased from approximately US\$3.6 million for the year ended 31 December 2021 to approximately US\$5.4 million for the year ended 31 December 2022, mainly attributable to the increase in level of borrowings by the new proceeds from other loans with relatively higher interest rate in relation to the sale and leaseback financing arrangements of five vessels during the Year Under Review.

Income tax expense

Income tax expense maintained at low level of approximately US\$1,000 and US\$10,000 for the years ended 31 December 2022 and 2021, respectively, mainly represented under-provision in prior year. For the years ended 31 December 2022 and 2021, Singapore Corporate Income Tax has been provided at the rate of 17% except that the income derived from vessel owning and chartering is exempted from Singapore Corporate Income Tax.

No provision for Hong Kong Profits Tax and PRC Corporate Income Tax was made since the income are derived from overseas sources which are not subject to tax or our Group has no assessable profit for the year ended 31 December 2022.

Profit for the year

Our profit for the Year Under Review increased significantly by approximately US\$9.2 million or 541.2% from approximately US\$1.7 million for the year ended 31 December 2021 to approximately US\$10.9 million for the year ended 31 December 2022, while our net profit margin also increased from approximately 3.3% to approximately 17.0% for the respective years. Such increase in our profit for the Year Under Review was primarily due to (i) the increase in operating profits generated from chartering services of approximately US\$6.9 million, mainly attributable to the improvement in market conditions of the asphalt tanker chartering business, and the absence of material off-hire of the vessel fleet for the year ended 31 December 2022, while four vessels were required to off-hire dry-dock for passing the regular renewal or intermediate survey and a vessel was required to off-hire due to the delay in shipping schedule as a result of a temporary voyage repair in Japan instead of Shanghai due to the epidemic control measures in Shanghai during the year ended 31 December 2021; (ii) a gain of approximately US\$5.5 million on disposal of XYG Fortune, which was operated under bulk carrier time charter; but was partially offset by (iii) the increase in bunker fee due to the significant rise of global bunker price; and (iv) the increase in crew expenses due to the impact of COVID-19.

FINANCIAL POSITION

As at 31 December 2022, our Group's total assets amounted to approximately US\$212.7 million (31 December 2021: US\$200.5 million) with net assets amounting to approximately US\$131.9 million (31 December 2021: US\$121.0 million). As at 31 December 2022, the gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.57, representing a decrease of 5.0% as compared to that of 0.60 as at 31 December 2021. Net debt to equity ratio (net debt, being our total debts net of bank and cash balances and pledged bank deposits, by total equity attributable to owners of our Company) of our Group was 0.27 as at 31 December 2022, representing a decrease of 50.9% as compared to that of 0.55 as at 31 December 2021. As at 31 December 2022, the current ratio of our Group was 1.30, representing a significant increase of 490.9% as compared to that of 0.22 as at 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2022, the liquidity position has improved due to the organic growth, disposal of a vessel, and the funding from other loans by sale and leaseback financing arrangements, while the gearing ratio still remained relatively stable. Our Group adopts a balanced approach to cash and financial management to ensure proper risk control and lower costs of funds, and seeks to maintain an optimal level of liquidity that can meet our working capital needs while supporting a healthy level of business and our various growth strategies. Our Group finances our operations and growth primarily through cash generated from operations, borrowings and finance lease arrangements and net proceeds from issuance of new shares in 2020.

As at 31 December 2022, our Group's borrowings and lease liabilities were approximately US\$75.2 million in aggregate, increased by approximately US\$3.1 million as compared to approximately US\$72.1 million as at 31 December 2021, which was primarily due to a combined effect of the proceeds from other loans and gradual repayment of debts financing by the profits generated from operations.

As at 31 December 2022, our Group had pledged bank deposits and bank and cash balances of approximately US\$39.7 million in aggregate, representing an increase of approximately US\$34.5 million as compared to approximately US\$5.2 million as at 31 December 2021. Such cash inflows were mainly a combined effect of the profits generated from operations, proceeds from other loans and gradual repayment of borrowings and lease liabilities as well as proceeds from the disposal of XYG Fortune. Our pledged bank deposits and most of our bank and cash balances are denominated in USD.

TREASURY POLICIES

The primary objective of our Group's capital management is to maintain its ability to continue as a going concern so that our Group can constantly provide returns for the Shareholders and benefits for other stakeholders by securing access to financing at reasonable costs. Our Group actively and regularly reviews and manages its capital structure and makes adjustment by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities.

INDEBTEDNESS

As at 31 December 2022, our Group's indebtedness mainly comprised borrowings and lease liabilities of approximately US\$60.2 million and US\$15.0 million, respectively. Our borrowings are denominated in USD and SGD, while lease liabilities are mainly denominated in USD. Majority of the borrowings and lease liabilities are arranged at floating rates, thus exposing our Group to cash flow interest rate risk. During the year ended 31 December 2022, our Group used interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows.

The maturity of borrowings and lease liabilities as at 31 December 2022 is as follows:

	Borrowings	Lease
	<i>US\$'000</i>	<i>liabilities</i>
		<i>US\$'000</i>
Within one year	13,080	14,340
More than one year, but not exceeding two years	10,309	185
More than two years, but not exceeding five years	31,730	460
More than five years	5,119	–
	<u>60,238</u>	<u>14,985</u>

As at 31 December 2022, our borrowings comprised bank loans and other loans, amounting to approximately US\$4.6 million and US\$55.6 million, respectively.

Bank loans were obtained for the sole purpose of the construction of vessels in the past. As at 31 December 2022, the bank loans were secured by the following:

- (a) mortgage over our Group's vessels;
- (b) corporate guarantees provided by our Company; and
- (c) pledged bank deposits and restricted bank balances.

Other loans were obtained for the additional working capital of our Group. As at 31 December 2022, the other loans were secured by the following:

- (a) mortgage over our Group's vessels;
- (b) corporate guarantees provided by our Company;
- (c) restricted bank balances; and
- (d) shares of certain subsidiaries.

As at 31 December 2022, our lease liabilities of approximately US\$14.1 million were secured by the following:

- (a) charges over our Group's certain right-of-use assets;
- (b) corporate guarantees provided by our Company;
- (c) restricted bank balances; and
- (d) shares of certain subsidiaries.

The remaining lease liabilities of approximately US\$0.9 million were related to the office properties leases and were not secured by any collateral.

FOREIGN CURRENCY RISKS

Our Group has a certain exposure to foreign currency risk as some of our business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective Group entities such as SGD and Renminbi. Our Group has also adopted a foreign exchange rate and interest rate risk control policy to manage the foreign exchange risk and interest rate risk. Our Group monitors the foreign currency exposure closely and will consider hedging transactions to mitigate significant foreign currency exposure should the need arise. As at 31 December 2022, our Group has no outstanding foreign currency forward contracts.

PLEDGE OF ASSETS

As at 31 December 2022, the carrying amounts of pledged bank deposits, bank balances restricted from being used and vessels pledged as securities for our Group's borrowings amounted to approximately US\$1.4 million, US\$4.1 million and US\$119.0 million, respectively. As at 31 December 2022, the carrying amounts of vessels as right-of-use assets held by our Group and bank balances restricted from being used under finance lease arrangements amounted to approximately US\$46.5 million and US\$1.7 million, respectively.

CAPITAL COMMITMENT

As at 31 December 2022, our Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 December 2022, our Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

We value our employees and recognise the importance of a good relationship with our employees. We recruit our employees based on their work experiences, educational background and qualifications. To maintain and ensure the quality of our employees, we provide our personnel formal and on-the-job training to enhance their technical skills as well as knowledge of industry quality standards and work place safety standards. As at 31 December 2022, our Group had a total of 40 employees, of which 32 were located in the PRC, 3 were located in Hong Kong and 5 were located in Singapore. The remuneration to our employees includes salaries and allowances. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions.

Our Group's total employee benefit expenses (including Directors' emoluments) for the years ended 31 December 2022 and 2021 were approximately US\$2.8 million and US\$2.1 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the year ended 31 December 2022.

MATERIAL TRANSACTIONS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year Under Review, the Group entered into the following material transactions:

1. On 4 March 2022, the Group entered into the Sale and Leaseback (March 2022) Transactions, pursuant to which, the Charterer (an indirect wholly-owned subsidiary of the Company) entered into: (i) the Memorandum of Agreement with the Owner, pursuant to which the Owner has conditionally agreed to purchase and the Charterer has conditionally agreed to sell XYMG Noble subject to the terms and conditions therein; and (ii) the Bareboat Charter Agreement with the Owner in relation to the bareboat chartering of XYMG Noble.

For details of the Sale and Leaseback (March 2022) Transactions, please refer to the Company's announcement dated 4 March 2022.

2. On 5 May 2022, the Group entered into the Sale and Leaseback (May 2022) Transactions, pursuant to which, Charterer I (an indirect wholly-owned subsidiary of the Company) entered into: (i) the Memorandum of Agreement I with Owner I, pursuant to which Owner I has conditionally agreed to purchase and Charterer I has conditionally agreed to sell Lilstella subject to the terms and conditions therein; and (ii) the Bareboat Charter Agreement I with Owner I in relation to the bareboat chartering of Lilstella.

For details of the Sale and Leaseback (May 2022) Transactions, please refer to the Company's announcement dated 5 May 2022 and the Company's circular dated 8 August 2022.

3. On 10 June 2022, the Group entered into the following Sale and Leaseback (June 2022) Transactions, pursuant to which, Charterer II (an indirect wholly-owned subsidiary of the Company) entered into: (i) the Memorandum of Agreement II and with Owner II, pursuant to which Owner II has conditionally agreed to purchase and Charterer II has conditionally agreed to sell Orcstella subject to the terms and conditions therein; and (ii) the Bareboat Charter Agreement II with Owner II in relation to the bareboat chartering of Orcstella.

For details of the Sale and Leaseback (June 2022) Transactions, please refer to the Company's announcement dated 10 June 2022 and the Company's circular dated 8 August 2022.

4. On 29 June 2022, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser to dispose of XYG Fortune at a consideration of US\$20,850,000. Completion had taken place after obtaining the Shareholders' approval in respect of the Agreement at the extraordinary general meeting of the Company held on 22 August 2022 in accordance with the Listing Rules.

For details of the Disposal, please refer to the Company's announcement dated 4 July 2022 and the Company's circular dated 8 August 2022.

5. On 7 July 2022, the Group entered into the following Sale and Leaseback (July 2022) Transactions, pursuant to which:
 - (a) Charterer III (an indirect wholly-owned subsidiary of the Company) entered into: (i) the Memorandum of Agreement III and with Owner III, pursuant to which Owner III has conditionally agreed to purchase and Charterer III has conditionally agreed to sell San Du Ao subject to the terms and conditions therein; and (ii) the Bareboat Charter Agreement III with Owner III in relation to the bareboat chartering of San Du Ao; and

- (b) Charterer IV (an indirect wholly-owned subsidiary of the Company) entered into: (i) the Memorandum of Agreement IV and with Owner IV, pursuant to which Owner IV has conditionally agreed to purchase and Charterer IV has conditionally agreed to sell Zhuang Yuan Ao subject to the terms and conditions therein; and (ii) the Bareboat Charter Agreement IV with Owner IV in relation to the bareboat chartering of Zhuang Yuan Ao.

For details of the Sale and Leaseback (July 2022) Transactions, please refer to the Company's announcement dated 7 July 2022 and the Company's circular dated 8 August 2022.

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries, associates and joint ventures by our Group during the Year Under Review.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no important events affecting the Company and its subsidiaries which have occurred since the end of the Year Under Review.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 6 September 2018 and which became effective on 26 September 2018 (the “**Listing Date**”). Under the Share Option Scheme, Eligible Participants (as defined below) (including Directors, full-time employees of and advisers and consultants to our Company or our subsidiaries) may be granted options which entitle them to subscribe for the Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from that date. No share option had ever been granted under the Share Option Scheme since its adoption.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no definite future plan for material investments or acquisition of material capital assets as at 31 December 2022.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

Pursuant to the subscription agreements dated 19 May 2020, the Company allotted and issued, and the subscribers subscribed for, an aggregate of 40,000,000 Shares at HK\$1.092 per Share for an aggregate cash consideration of HK\$43,680,000 (equivalent to approximately US\$5,628,866) on 3 June 2020 (the “**Subscriptions**”).

The aggregate gross proceeds of the Subscriptions amounted to HK\$43,680,000 (equivalent to approximately US\$5,628,866) and the aggregate net proceeds, after the deduction of the related expenses, was approximately HK\$43,280,000 (equivalent to approximately US\$5,577,320). An analysis of the amount utilised up to 31 December 2022 is set out below:

	Proposed use of proceeds as disclosed in the announcement of the Company dated 19 May 2020 HK\$'million	Unutilised as at 1 January 2022 HK\$'million	Utilised during the year ended 31 December 2022 HK\$'million	Unutilised as at 31 December 2022 HK\$'million
General working capital	43.3	28.3	17.0	11.3

The net proceeds from the Subscriptions were used or are proposed to be used as intended, as set out in the Company's announcement dated 19 May 2020. The unutilised net proceeds of approximately HK\$11.3 million as at 31 December 2022 are to be utilised in the next year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company that they have complied with the Model Code throughout the year ended 31 December 2022.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2022.

UPDATE ON DIRECTORS' INFORMATION AND CHANGE IN DIRECTORS

Mr. Chen Jiagan has been appointed as an executive Director and vice chairman of the Board with effect from 11 March 2022. For details, please refer to the Company's announcement dated 11 March 2022.

Mr. Suen Chi Wai, an independent non-executive Director, was appointed as the independent non-executive director of BoardWare Intelligence Technology Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 1204) on 20 June 2022.

Save as disclosed above, there is no update on the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SCOPE OF WORK OF RSM HONG KONG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by RSM Hong Kong on this announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 15 June 2023, the register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both days inclusive, during the period no transfer of shares will be registered. All transfers accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 June 2023.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive Directors, has reviewed the Group's consolidated results for the year ended 31 December 2022 together with the management and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xysgroup.com). The annual report will be dispatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITION

“Agreement”	the memorandum of agreement dated 29 June 2022 entered into between the Vendor and the Purchaser in respect of the Disposal
“Bareboat Charter Agreement”	the bareboat charter agreement dated 4 March 2022 entered into between Charterer (as charterer) and Owner (as owner) in relation to the bareboat chartering of XYMG Noble
“Bareboat Charter Agreement I”	the bareboat charter agreement dated 5 May 2022 entered into between Charterer I (as charterer) and Owner I (as owner) in relation to the bareboat chartering of Lilstella

“Bareboat Charter Agreement II”	the bareboat charter agreement dated 10 June 2022 entered into between Charterer II (as charterer) and Owner II (as owner) in relation to the bareboat chartering of Orcstella
“Bareboat Charter Agreement III”	the bareboat charter agreement dated 7 July 2022 entered into between Charterer III (as charterer) and Owner III (as owner) in relation to the bareboat chartering of San Du Ao
“Bareboat Charter Agreement IV”	the bareboat charter agreement dated 7 July 2022 entered into between Charterer IV (as charterer) and Owner IV (as owner) in relation to the bareboat chartering of Zhuang Yuan Ao
“Board”	the board of Directors
“Charterer”	Z&L Dolphin Shipping Limited (海豚船務有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Charterer I”	Z&L Blue Whale Shipping Limited (藍鯨船務有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Charterer II”	Z&L Flying Fish Shipping Limited (飛魚船務有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Charterer III”	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 IV”	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

“Company”	Xin Yuan Enterprises Group Limited (信源企業集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1748)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of XYG Fortune under the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jastella”	the vessel Jastella with IMO No. 9812121
“Lilstella”	the vessel Lilstella with IMO No. 9794771, being the subject of the Sale and Leaseback (May 2022) Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement”	the memorandum of agreement dated 4 March 2022 entered into between Charterer and Owner in relation to the sale and purchase of XYMG Noble
“Memorandum of Agreement I”	the memorandum of agreement dated 5 May 2022 entered into between Charterer I and Owner I in relation to the sale and purchase of Lilstella
“Memorandum of Agreement II”	the memorandum of agreement dated 10 June 2022 entered into between Charterer II and Owner II in relation to the sale and purchase of Orcstella
“Memorandum of Agreement III”	the memorandum of agreement dated 7 July 2022 entered into between Charterer III and Owner III in relation to the sale and purchase of San Du Ao

“Memorandum of Agreement IV”	the memorandum of agreement dated 7 July 2022 entered into between Charterer IV and Owner IV in relation to the sale and purchase of Zhuang Yuan Ao
“Orcstella”	the vessel Orcstella with IMO No. 9794783, being the subject of the Sale and Leaseback (June 2022) Transactions
“Owner”	Fore Marine Pte. Ltd., a company incorporated under the laws of Singapore
“Owner I”	Bright Lilstella Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“Owner II”	Bright Orcstella Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“Owner III”	Bright Sandu Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“Owner IV”	Bright Zhuangyuan Shipping Ltd, a company incorporated under the laws of the Republic of Marshall Islands
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Administrative Region of the People’s Republic of China and Taiwan, China
“Purchaser”	Franbo Lines Corp, a company whose shares are listed on the Taipei Exchange (stock code: 2641) or its guaranteed nominees
“Sale and Leaseback (March 2022) Transactions”	the transactions contemplated under the Memorandum of Agreement, the Bareboat Charter Agreement and other documents in relation to XYMG Noble as described in the announcement of the Company dated 4 March 2022

“Sale and Leaseback (May 2022) Transactions”	the transactions contemplated under the Memorandum of Agreement I, the Bareboat Charter Agreement I and other documents in relation to Lilstella as described in the announcement of the Company dated 5 May 2022
“Sale and Leaseback (June 2022) Transactions”	the transactions contemplated under the Memorandum of Agreement II, the Bareboat Charter Agreement II and other documents in relation to Orcstella as described in the announcement of the Company dated 10 June 2022
“Sale and Leaseback (July 2022) Transactions”	the transactions contemplated under the Memorandum of Agreement III, the Bareboat Charter Agreement III, the Memorandum of Agreement IV, the Bareboat Charter Agreement IV and other documents in relation to San Du Ao and Zhuang Yuan Ao, respectively, as described in the announcement of the Company dated 7 July 2022 and the circular of the Company dated 8 August 2022
“San Du Ao”	the vessel San Du Ao with IMO No. 9608752, being one of the subjects of the Sale and Leaseback (July 2022) Transactions
“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\$” or “USD”	United States dollars, the lawful currency of the United States of America

“Vendor”	BEGSTELLA SHIPPING (HONGKONG) LIMITED (海棠星船務(香港)有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“XYG Fortune”	the vessel XYG Fortune with IMO No. 9330290, being the subject of the Disposal
“XYMG Noble”	The vessel XYMG NOBLE with IMO No. 9314674, being the subject of the Sale and Leaseback (March 2022) Transactions
“Year Under Review”	reporting period for the year ended 31 December 2022
“Zhuang Yuan Ao”	the vessel Zhuang Yuan Ao with IMO No. 9650339, being one of the subjects of the Sale and Leaseback (July 2022) Transactions
“%”	per cent

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

Hong Kong, 24 March 2023

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