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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023;
(2) CHANGE OF EXECUTIVE DIRECTORS; AND
(3) ESTABLISHMENT OF
THE STRATEGIC DEVELOPMENT COMMITTEE**

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022 as follows:

Financial Summary

	For the year ended 31 December	
	2023	2022
	US\$'000	US\$'000
Revenue	58,916	64,124
Cost of sales	(41,891)	(48,882)
Gross profit	17,025	15,242
Profit from operations	13,964	16,374
Finance costs	(5,373)	(5,442)
Profit for the year	8,497	10,931
	As of	
	31 December	31 December
	2023	2022
	US\$'000	US\$'000
Financial Positions		
Non-current assets	162,030	169,928
Current assets	25,693	42,723
Non-current liabilities	47,784	47,803
Current liabilities	15,572	32,970
Net assets	124,367	131,878

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Revenue	4	58,916	64,124
Cost of sales		<u>(41,891)</u>	<u>(48,882)</u>
Gross profit		17,025	15,242
Other income	5	1,954	5,978
Other gains and losses		(185)	75
Administrative expenses		(4,350)	(4,580)
Other operating expenses		<u>(480)</u>	<u>(341)</u>
Profit from operations		13,964	16,374
Finance costs	7	<u>(5,373)</u>	<u>(5,442)</u>
Profit before tax		8,591	10,932
Income tax expense	8	<u>(94)</u>	<u>(1)</u>
Profit for the year	9	<u>8,497</u>	<u>10,931</u>
Earnings per share	11		
Basic (cents per share)		<u>1.93</u>	<u>2.48</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 2023

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Profit for the year	<u>8,497</u>	<u>10,931</u>
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>19</u>	<u>(83)</u>
Other comprehensive income for the year, net of tax	<u>19</u>	<u>(83)</u>
Total comprehensive income for the year	<u><u>8,516</u></u>	<u><u>10,848</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		161,484	122,710
Right-of-use assets		546	47,218
		<hr/>	<hr/>
Total non-current assets		162,030	169,928
Current assets			
Derivative financial instruments		–	58
Inventories		1,651	1,777
Trade receivables	<i>12</i>	333	600
Other receivables, deposits and prepayments		965	570
Pledged bank deposits		–	1,412
Bank and cash balances		22,744	38,306
		<hr/>	<hr/>
Total current assets		25,693	42,723
		<hr/>	<hr/>
TOTAL ASSETS		187,723	212,651
EQUITY AND LIABILITIES			
Share capital	<i>13</i>	4,400	4,400
Reserves		119,967	127,478
		<hr/>	<hr/>
Total equity		124,367	131,878
LIABILITIES			
Non-current liabilities			
Borrowings		47,323	47,158
Lease liabilities		461	645
		<hr/>	<hr/>
Total non-current liabilities		47,784	47,803
		<hr/>	<hr/>

	<i>Note</i>	2023 US\$'000	2022 US\$'000
Current liabilities			
Contract liabilities		130	–
Borrowings		10,902	13,080
Lease liabilities		185	14,340
Trade payables	<i>14</i>	1,581	3,062
Other payables and accruals		2,774	2,488
		<hr/>	<hr/>
Total current liabilities		15,572	32,970
		<hr/>	<hr/>
Total liabilities		63,356	80,773
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		187,723	212,651
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		10,121	9,753
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		172,151	179,681
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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).

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 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	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 HKFRS 16 — Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025

The directors of the Group anticipate that the application of all amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charter and contracts of affreightment (“COA”), recognised over time	19,856	30,808
Revenue from other sources		
— Time charter	<u>39,060</u>	<u>33,316</u>
	<u><u>58,916</u></u>	<u><u>64,124</u></u>

5. OTHER INCOME

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Bank interest income	596	189
Compensation income	1,323	271
Gain on disposal of property, plant and equipment	—	5,472
Government grants (<i>Note</i>)	—	4
Gain on early termination of lease	—	8
Sundry income	<u>35</u>	<u>34</u>
	<u><u>1,954</u></u>	<u><u>5,978</u></u>

Note: During the year ended 31 December 2022, the Group recognised government grants in respect of COVID-19 related subsidies provided by the governments of Singapore and Hong Kong.

6. SEGMENT INFORMATION

The Group has two operating segments as follows:

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

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>	Total <i>US\$'000</i>
Year ended 31 December 2023:			
Revenue from external customers	53,511	5,405	58,916
Segment profit	11,317	1,123	12,440
Interest expense	4,357	942	5,299
Depreciation	8,523	1,268	9,791
Income tax expense	2	–	2
Additions to segment non-current assets	2,155	–	2,155
As at 31 December 2023:			
Segment assets	160,323	13,956	174,279
Segment liabilities	50,138	11,707	61,845

	Asphalt tanker chartering services <i>US\$'000</i>	Bulk carrier chartering services <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	6,898	8,144	15,042
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>3,580</u>
As at 31 December 2022:			
Segment assets	177,996	15,622	193,618
Segment liabilities	<u>64,860</u>	<u>14,049</u>	<u>78,909</u>

Reconciliations of segment profit or loss:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Revenue		
Total revenue of reportable segments	<u>58,916</u>	<u>64,124</u>
Profit or loss		
Total profit or loss of reportable segments	12,440	15,042
Unallocated interest revenue	297	71
Unallocated interest expense	(74)	(96)
Unallocated corporate income	2	10
Unallocated corporate expenses	<u>(4,074)</u>	<u>(4,095)</u>
Consolidated profit before tax	<u>8,591</u>	<u>10,932</u>

Reconciliations of segment assets and liabilities:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Assets		
Total assets of reportable segments	174,279	193,618
Unallocated amounts:		
Other corporate assets	<u>13,444</u>	<u>19,033</u>
Consolidated total assets	<u><u>187,723</u></u>	<u><u>212,651</u></u>
Liabilities		
Total liabilities of reportable segments	61,845	78,909
Unallocated amounts:		
Other corporate liabilities	<u>1,511</u>	<u>1,864</u>
Consolidated total liabilities	<u><u>63,356</u></u>	<u><u>80,773</u></u>

Geographical information:*Revenue*

The Group's business is managed on a worldwide basis. The revenue is 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 2023 and 2022, 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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Provision of asphalt tanker chartering services		
Customer A	12,511	11,099
Customer B	9,114	6,958
Customer C	8,663	16,884
Customer D (<i>Note</i>)	7,934	N/A

Note: Revenue from Customer D represented less than 10% of the Group's revenue for the year ended 31 December 2022.

7. FINANCE COSTS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Interest expense on lease liabilities	574	1,579
Interest rate swap expenses	–	57
Interest on borrowings	4,799	3,806
	5,373	5,442

8. INCOME TAX EXPENSE

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Current tax — PRC Enterprise Income Tax (“ PRC EIT ”)		
Provision for the year	92	–
Current tax — Singapore Corporate Income Tax		
Underprovision in prior year	2	1
Income tax expense	94	1

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 (2022: Nil).

Singapore Corporate Income Tax has been provided at a rate of 17% (2022: 17%) except that the income of the subsidiaries in Singapore derived from vessel owning and chartering is exempted from Singapore Corporate Income Tax.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT has been provided at a rate of 25% for the year (2022: 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:

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Profit before tax	<u>8,591</u>	<u>10,932</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	1,417	1,804
Tax effect of income that is not taxable	(10,071)	(11,613)
Tax effect of expenses that are not deductible	8,280	9,515
Tax effect of tax losses not recognised	582	453
Effect of different tax rates of subsidiaries	(116)	(159)
Underprovision in prior year	<u>2</u>	<u>1</u>
Income tax expense	<u>94</u>	<u>1</u>

As at 31 December 2023, the Group has unused tax losses of approximately US\$3,832,000 (2022: US\$4,609,000) 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:

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
On 31 December 2023	–	799
On 31 December 2024	973	971
On 31 December 2025	1,227	1,225
On 31 December 2026	1,019	1,017
On 31 December 2027	598	597
On 31 December 2028	<u>15</u>	<u>–</u>
	<u>3,832</u>	<u>4,609</u>

9. PROFIT FOR THE YEAR

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Auditors' remuneration	136	132
Depreciation of property, plant and equipment	9,002	7,407
Depreciation of right-of-use assets	1,070	3,424
Gain on disposal of property, plant and equipment	<u>–</u>	<u>(5,742)</u>

10. DIVIDEND

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Special dividend of HK\$0.285 (2022: Nil) per ordinary share paid	<u>16,027</u>	<u>–</u>

11. EARNINGS PER SHARE

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>8,497</u>	<u>10,931</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares	<u>440,000</u>	<u>440,000</u>

No diluted earnings per share was presented for the year ended 31 December 2023 (2022: 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 CoA, 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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 to 30 days	<u>333</u>	<u>600</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 2022, 31 December 2022, 1 January 2023 and 31 December 2023 (US\$0.01 each)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023 (US\$0.01 each)	<u>440,000,000</u>	<u>4,400</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 2023, over 25% (2022: 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:

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 30 days	1,073	2,074
31 to 60 days	12	373
Over 60 days	496	615
	<hr/> 1,581 <hr/>	<hr/> 3,062 <hr/>

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

15. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of fair value gains on derivative financial instruments previously classified under other income to other gains and losses. The new classification of the accounting items was considered to provide a more appropriate presentation of the financial performance of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the Year Under Review, the Group's performance was impressive with the profit from operations of approximately US\$8.5 million, a significant increase of approximately 54.5%, as compared to the profits (excluding the one-off gain on disposal of a vessel) of approximately US\$5.5 million for the year ended 31 December 2022. Our Group recorded revenue of approximately US\$58.9 million for the Year Under Review, 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").

As at the date of this announcement, we operate a fleet of ten vessels with total capacity of approximately 92,000 dwt, of which eight vessels are operated under asphalt tanker time charters, two vessels are operated under asphalt tanker voyage charters or CoAs. A second-hand Capesize vessel operated under a bulk carrier time charter during the Year Under Review has been disposed in March 2024. 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.

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 advantages, 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.

Our views of the industry's prospects are analysed from different perspectives, including but not limited to, global asphalt market demand, shipping industry trends, sustainability, trade policies and economic environment. The asphalt shipping industry is fundamental to the global trade of asphalt, while the asphalt is a crucial material for infrastructure construction, and its demand in asphalt and charter tanker services has been steadily growing globally. Even amidst a global economic downturn, many countries are increasing their infrastructure investments to different extents to stimulate economic growth. Some refineries in Europe are closing down due to environmental protection regulations and carbon emission requirements, which lead to geographic disparities and changes in refinery distribution and trade flow of asphalt, and thus increase the trade volume in asphalt shipping industry.

The sustainable development has become the focus of global attention, the shipping industry also needs to adopt the environmental regulations, including reducing emissions, using more environmentally friendly fuels, and optimising routes and logistics etc. According to International Marine Organisation, for the purpose of the improvement of the energy efficiency of all ships in the short term and thereby reduce their greenhouse gas emissions, from 1 January 2023, it is mandatory for all ships to calculate their attained Energy Efficiency Existing Ship Index (“**EEXI**”) to measure their energy efficiency and to initiate the collection of data for the reporting of their annual operational carbon intensity indicator (“**CII**”) and CII rating. As such, the market may phase out certain vessels that fail to meet the standard and tighten in capacity. In addition, ships may reduce speed to meet effective ratings, which will lengthen travel time and result in varying degrees of market freight increases. Our existing fleet has been designed with anticipated environmental requirements in mind, giving us a competitive advantage in terms of sustainability and in line with trends in the asphalt tanker services industry.

Tariffs, trade restrictions, geopolitical tensions could lead to the global economic uncertainty and cast a shadow of instability on our industry. According to the International Monetary Fund (“**IMF**”), the world economy is expected to grow by 3.1% in 2024, but the overall growth and global trade still remains lower than the historical average. The IMF's chief economist, Pierre-Olivier Gourinchas, cautioned that the base of expansion was slow and risks remained, including geopolitical tensions in the Middle East and attacks in the Red Sea that could disrupt commodity prices and supply chains. In summary, the outlook for the asphalt tanker charter industry remains positive. With the global economy growth and the development of infrastructure construction, the demands for asphalt and the tanker chartering services are expected to continue to rise.

The bulk carrier business segment contributed steady revenue to our Group from the remaining Capesize vessel during the Year Under Review, though the global economy had been influenced by several key trends and developments that could have potentially impacted this Capesize bulk carrier market, such as post-pandemic recovery, supply-chain challenges and geopolitical tensions etc. In December 2023, our Group entered into an agreement with the Purchaser to dispose of the remaining Capesize vessel, XYMG Noble, at a consideration of approximately US\$17.0 million, and such transaction was completed on 1 March 2024. We continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate, and believe this disposal would enhance the Group's working capital position and further strengthen its liquidity, and optimise the fleet profile through ongoing management of its assets.

Looking ahead into 2024, we expect several factors could pose risks and challenges to asphalt tanker chartering market, which may evolve over time, including (i) a downturn in construction activity may reduce demand for asphalt, affecting charter rates and vessel utilisation; (ii) any disruptions in the supply chain of crude oil or refining capacity can affect asphalt availability and prices; (iii) fuel costs represent a significant portion of operating expenses, high volatility in bunker price can directly impact the profitability of asphalt chartering business; (iv) a global recession or slowdown in emerging markets could reduce the number of projects requiring asphalt; and (v) tariffs, trade barriers, and geopolitical tensions such as the Russia-Ukraine war, the Gaza-Israel conflict and attacks in the Red Sea can influence the flow of asphalt, potentially disrupting established trade routes and affecting chartering services. Our Group will monitor these risks closely and be prepared to adopt strategies accordingly to navigate the challenges that arise in 2024 and beyond.

FINANCIAL REVIEW

Revenue

For the Year Under Review, our revenue decreased to approximately US\$58.9 million by approximately US\$5.2 million or 8.1% from approximately US\$64.1 million for the year ended 31 December 2022. For the Year Under Review, such decrease was mainly due to the decrease in bulk carrier time chartering services as a result of the cessation of contribution from a Capesize vessel, XYG Fortune upon its disposal in August 2022.

Revenue generated from asphalt tanker time charters services increased significantly by approximately US\$11.0 million or 48.5% from approximately US\$22.7 million for the year ended 31 December 2022 to approximately US\$33.7 million for the year ended 31 December 2023. Such increase was mainly attributable to three vessels have changed their operation from voyage charters to time charters in 2022, and a vessel has change its operation from voyage charters to time charters in 2023, and the aggregate contribution of these four vessels for time charters increased by approximately US\$8.7 million for the Year Under Review. Further, such increase can also be attributed to the average daily charter rate increasing during the Year Under Review.

Revenue generated from asphalt tanker voyage charters and CoAs decreased by approximately US\$10.9 million or 35.4% from approximately US\$30.8 million for the year ended 31 December 2022 to approximately US\$19.9 million for the year ended 31 December 2023, mainly due to three vessels changing their operation from voyage charters to time charters in 2022, allowing them to contribute revenue generated from voyage charters of approximately US\$9.2 million for the year ended 31 December 2022, while none was generated for the Year Under Review, and such vessel has since changed its operation from voyage charters to time charters in 2023 resulting in the decrease in revenue generated from voyage charters of approximately US\$4.9 million for the Year Under Review, but this has been offset by the increase in average daily voyage charter rate during the Year Under Review.

During the Year Under Review, revenue from bulk carrier time chartering services decreased significantly to approximately US\$5.4 million for the year ended 31 December 2023 (solely generated from the remaining second-hand Capesize vessel), from US\$10.6 million for the year ended 31 December 2022, by approximately US\$5.2 million or 49.1% due to the fact that the cessation of contribution from another Capesize vessel, XYG Fortune, upon its disposal in August 2022.

Cost of sales

Our cost of sales decreased by approximately US\$7.0 million or 14.3%, from approximately US\$48.9 million for the year ended 31 December 2022 to approximately US\$41.9 million for the year ended 31 December 2023. Such decrease was in line with the decrease in revenue of approximately 8.1% and the cost saving from bunker fees and other costs, which were mainly due to the combined effect of following factors:

- (i) our bunker fees decreased by approximately US\$5.5 million or 49.8%, mainly due to the decrease in bunker costs borne by our Group as a result of the decrease in the revenue from asphalt tanker voyage charters of approximately 35.4%, as well as the drop of global bunker indices, the average bunker price decreased by approximately 15% to 30% for the year ended 31 December 2023 as compared to the same corresponding period in 2022;
- (ii) our crew expenses recorded a decrease of approximately US\$1.5 million or 9.3%, resulting from the resumption of normal for crew change and lessen quarantine and other pandemic-related manning costs after the COVID-19 pandemic, and no further sailor expenses were incurred for the disposed Capesize vessel during the Year Under Review; and
- (iii) our depreciation was charged at a mild decrease of approximately US\$0.8 million or 7.1%, mainly due to the fact that no depreciation of the disposed Capesize vessel was charged during the Year Under Review.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately US\$1.8 million or 11.8%, from approximately US\$15.2 million for the year ended 31 December 2022 to approximately US\$17.0 million for the year ended 31 December 2023. Such increase was mainly due to the increase in gross profit margin.

Our overall gross profit margin improved from approximately 23.8% for the year ended 31 December 2022 to approximately 28.9% for the year ended 31 December 2023, which was mainly attributable to the drop of bunker fee, the decrease in crew expenses resulting from the normalisation after the COVID-19 pandemic and the increase in average daily charter rates.

Our gross profit generated from asphalt tanker time charters services significantly increased by approximately US\$4.0 million or 90.5% for the year ended 31 December 2023. Such increase was mainly in line with the increase in revenue from asphalt tanker time chartering of approximately 48.5% and the increase in gross profit margin by approximately 5.6 percentage points due to the improvement of crew expenses spending level after the COVID-19 pandemic and the increase in average daily charter rates.

Our gross profit from asphalt tanker voyage charters and CoAs for the year ended 31 December 2023 maintained the same level as the prior year at approximately US\$6.6 million, mainly attributable to the combined effect of the decrease of revenue generated from asphalt tanker voyage charters and CoAs of approximately 35.4%, and the improvement of gross profit margin by approximately 11.9 percentage points attributable to the decrease in the aggregate of crew expenses and bunker fee and the increase in average daily charter rates.

Our gross profit from bulk carrier time chartering services decreased by approximately US\$2.2 million or 51.5% for the year ended 31 December 2023, and its gross profit margin also decreased slightly by approximately 2.0 percentage points for the Year Under Review. It was mainly due to the discontinuance of profit contribution from the disposed Capesize vessel, XYG Fortune following its disposal in August 2022.

Other income

Our other income decreased by approximately US\$4.0 million from approximately US\$6.0 million for the year ended 31 December 2022 to approximately US\$2.0 million for the year ended 31 December 2023. Such decrease was mainly attributable to a one-off gain on disposal of XYG Fortune of approximately US\$5.5 million for the year ended 31 December 2022 but no such disposal transaction in 2023, but offsetting by the fact that the increase in non-recurring insurance compensation income of approximately US\$1.1 million in relation to the repair costs of vessels and more interest income earned resulting from higher interest rate on bank balances for the Year Under Review.

Other gains and losses

Our Group recorded net other losses of approximately US\$0.2 million for the year ended 31 December 2023, while recorded net other gains of approximately US\$0.1 million for the year ended 31 December 2022, mainly attributable to net fair value losses on derivative financial instrument for the year ended 31 December 2023, but net fair value gains on derivative financial instrument for the year ended 31 December 2022, but maintaining similar level of net exchange losses for both years ended 31 December 2023 and 2022.

Our Group maintained net exchange losses at approximately US\$0.1 million for the years ended 31 December 2022 and 2023, which was principally attributable to the exchange fluctuation of our Group's borrowings denominated in Singapore Dollars ("SGD"). USD depreciated against SGD by approximately 0.6% and 1.6% for the years ended 31 December 2022 and 2023 respectively, resulting in exchange losses for the respective periods, when translation of the borrowings denominated in SGD. Besides, our Group fully repaid the borrowings denominated in SGD from approximately US\$4.6 million as at 31 December 2022 during the year ended 31 December 2023.

Administrative expenses

Our Group's administrative expenses decreased slightly by approximately US\$0.2 million or 4.3% from approximately US\$4.6 million for the year ended 31 December 2022 to approximately US\$4.4 million for the year ended 31 December 2023, mainly due to the decrease in directors' emolument during the Year Under Review.

Other operating expenses

Our Group's other operating expenses increased from approximately US\$0.3 million for the year ended 31 December 2022 to approximately US\$0.5 million for the year ended 31 December 2023, mainly in relation to accident-related costs of vessels.

Finance costs

Our finance costs maintained at approximately US\$5.4 million for the years ended 31 December 2022 and 2023, mainly attributable to lower gearing ratio but offsetting by higher interest rates.

Income tax expense

Income tax expense increased from approximately US\$1,000 for the year ended 31 December 2022 to approximately US\$94,000 for the year ended 31 December 2023, mainly due to provision for current tax for the PRC Enterprise Income Tax (the “**PRC EIT**”) for the Year Under Review.

For the year ended 31 December 2022 and 2023, 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.

Under the Law of the PRC EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the PRC EIT has been provided at a rate of 25% for the year ended 31 December 2023, but at a rate of nil for the year ended 31 December 2022.

No provision for Hong Kong Profits Tax was made since the income derived from overseas sources are not subject to tax or our Group has no assessable profit for the year ended 31 December 2022 and 2023.

Profit for the year

Our profit for the Year Under Review decreased by approximately US\$2.4 million or 22.0% from approximately US\$10.9 million for the year ended 31 December 2022 to approximately US\$8.5 million for the year ended 31 December 2023, while our net profit margin also decreased from approximately 17.0% to approximately 14.4% for the respective periods. Such decrease in our profit for the Year Under Review was primarily attributable to the absence of a non-recurring gain on disposal of approximately US\$5.5 million for the Capesize vessel, XYG Fortune in August 2022, the decrease in revenue of approximately 8.1%, but offsetting by the improvement in gross profit margin resulting from the decrease in bunker fee due to the drop of global bunker price, the decrease in crew expenses due to the normalisation after the COVID-19 pandemic and the increase in average daily charter rates.

FINANCIAL POSITION

As at 31 December 2023, our Group's total assets amounted to approximately US\$187.7 million (31 December 2022: US\$212.7 million) with net assets amounting to approximately US\$124.4 million (31 December 2022: US\$131.9 million). As at 31 December 2023, the gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.47, representing a decrease of 17.5% as compared to that of 0.57 as at 31 December 2022. Net debt to equity ratio (net debt, being our total debts net of bank and cash balances and pledged bank deposits, divided by total equity attributable to owners of our Company) of our Group was 0.29 as at 31 December 2023, representing an increase of 7.4% as compared to that of 0.27 as at 31 December 2022. As at 31 December 2023, the current ratio of our Group was 1.65, representing an increase of 26.9% as compared to that of 1.30 as at 31 December 2022.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2023, the liquidity position has improved due to the stable profit growth and the gearing ratio slightly decreased. 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.

As at 31 December 2023, our Group's borrowings and lease liabilities were approximately US\$58.9 million in aggregate, decreased by approximately US\$16.3 million as compared to approximately US\$75.2 million as at 31 December 2022, which was primarily due to the gradual repayment of debts financing by the profits generated from operations.

As at 31 December 2023, our Group had pledged bank deposits and bank and cash balances of approximately US\$22.7 million in aggregate, representing a decrease of approximately US\$17.0 million as compared to approximately US\$39.7 million as at 31 December 2022. Such cash outflows were mainly a combined effect of the profits generated from operations and gradual repayment of borrowings and lease liabilities. 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 2023, our Group's indebtedness mainly comprised borrowings and lease liabilities of approximately US\$58.2 million and US\$0.6 million, respectively. Our borrowings are denominated in USD, while lease liabilities are mainly denominated in Renminbi. 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 2023, our Group used interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows. As at 31 December 2023, our Group has no outstanding interest rate swap contracts.

The maturity of borrowings and lease liabilities as at 31 December 2023 is as follows:

	Borrowings	Lease liabilities
	<i>US\$'000</i>	<i>US\$'000</i>
Within one year	10,902	185
More than one year, but not exceeding two years	17,588	199
More than two years, but not exceeding five years	25,025	262
More than five years	4,710	–
	<u>58,225</u>	<u>646</u>

As at 31 December 2023, our borrowings only comprised other loans amounting to approximately US\$58.2 million, while the bank loans were fully repaid during the Year Under Review.

Other loans were obtained for the additional working capital of our Group. As at 31 December 2023, 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.

The lease liabilities of approximately US\$0.6 million as at 31 December 2023 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 2023, our Group has no outstanding foreign currency forward contracts.

PLEDGE OF ASSETS

As at 31 December 2023, the carrying amounts of bank balances restricted from being used and vessels pledged as securities for our Group's borrowings amounted to approximately US\$1.2 million and US\$99.9 million, respectively.

CAPITAL COMMITMENT

As at 31 December 2023, our Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 December 2023, 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 2023, our Group had a total of 41 employees, of which 33 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 year ended 31 December 2023 and 2022 were approximately US\$2.8 million and US\$2.8 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the year ended 31 December 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, there was neither material acquisition nor disposal of subsidiaries, associates and joint ventures by our Group.

MATERIAL TRANSACTIONS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

1. On 15 December 2023, the Group entered into the Sale and Leaseback (December 2023) Transactions, pursuant to which, the Charterer (an indirect wholly-owned subsidiary of the Company) entered into: (1) the Memorandum of Agreement with the Owner, pursuant to which the Owner agreed to purchase and the Charterer agreed to sell the vessel Baustella subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement with the Owner in relation to the bareboat chartering of the Baustella.

For details of the Sale and Leaseback (December 2023) Transactions, please refer to the Company's announcement dated 15 December 2023.

2. On 22 December 2023, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser to dispose of XYMG Noble, pursuant to the terms and conditions set out therein, the Vendor agreed to sell and the Purchaser agreed to purchase XYMG Noble at a consideration of US\$16,950,000.

For details of the Disposal transaction, please refer to the Company's announcement dated 22 December 2023.

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

On 16 January 2024, the Group settled an other loan of approximately US\$11,707,000 before the maturity date. The pledge of the related vessel was released to complete the disposal of vessel.

Save as disclosed above, there are no important events affecting the Group 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 or part-time employees, executives or officers of and consultants, advisers, suppliers, customers and agents 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 2023.

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 2023 is set out below:

	Proposed use of proceeds as disclosed in the announcement of the Company dated 19 May 2020	Unutilised as at 1 January 2023	Utilised during the year ended 31 December 2023	Unutilised as at 31 December 2023
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
General working capital	43.3	11.3	11.3	–

The net proceeds from the Subscriptions were 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 have been fully utilised during the Year Under Review.

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 C1 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 2023.

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 C3 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 2023.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

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 2023.

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 2023 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 entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 18 June 2024, the register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, 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 Wednesday, 12 June 2024.

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 2023 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.

CHANGE OF EXECUTIVE DIRECTORS

Resignation of executive Director

Mr. Ding Yuzhao (“**Mr. Ding**”) has tendered his resignation as the executive Director with effect from 26 March 2024 in order to devote more time to his other personal and business commitments. Mr. Ding confirmed that as at the date of this announcement, (i) he does not have any claim against the Company in respect of his resignation; (ii) he does not have any disagreement with the Board; and (iii) there are no other matters in relation to his resignation that need to be brought to the attention of the Shareholders and the Stock Exchange.

The Board would like to take the opportunity to express its gratitude to Mr. Ding for his contribution to the Company during his term of office.

Appointment of executive Director

The Board is pleased to announce that, with effect from 26 March 2024, Mr. Chen Yanbiao (“**Mr. Chen**”) has been appointed as an executive Director.

The biography of Mr. Chen is as follows:

Mr. Chen Yanbiao (陳延標), aged 49, has over 18 years of commercial and strategic development experience through his management positions held in companies across property development and investment industries. Mr. Chen has been the director of Ganzhou Jinmao Property Development Co., Ltd.* (贛州金茂房地產開發有限公司) since March 2006. From August 2012 to November 2018, Mr. Chen was the legal representative and chairman of Fuzhou Dingsen Property Development Co., Ltd.* (福州鼎森房地產開發有限公司). Mr. Chen has served as the legal representative, executive director and general manager of Fujian Shangping Investment Co., Ltd.* (福建尚平投資有限公司) since May 2013. Mr. Chen completed the civil engineering course in Wuhan University of Technology in July 2005.

Mr. Chen has entered into a service agreement with the Company for an initial term of 3 years commencing from 26 March 2024, which is automatically renewable for one year after the expiry of the initial term until termination in accordance with the provisions under the service agreement. The service agreement may be terminated by either party by giving three months' written notice and is subject to retirement and re-election in accordance with the articles of association of the Company. Pursuant to the service agreement, Mr. Chen is entitled to receive remuneration in the amount of RMB840,000 per annum, which is determined by the Board with reference to the prevailing market rate and his experience, duties and responsibilities with the Company. The remuneration of Mr. Chen will be subject to review by the remuneration committee of the Company and the Board from time to time.

As at the date of this announcement, Mr. Chen is interested in 32,354,686 Shares representing approximately 7.35% of the total issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made reasonable enquiry, Mr. Chen (i) does not have any relationship with any other Director, senior management or substantial or controlling shareholder of the Company (as defined in the Listing Rules); (ii) does not hold other positions in the Company or its subsidiaries and has not held any other directorships in any public listed companies in the last three years preceding his appointment; and (iii) does not have any other major appointments or professional qualifications.

Save as disclosed herein, the Board is not aware of any other matters relating to the aforesaid appointment that need to be brought to the attention of the Shareholders and any other information that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

* *For identification only*

The Board would like to take this opportunity to extend its warmest welcome to Mr. Chen for joining the Board.

ESTABLISHMENT OF THE STRATEGIC DEVELOPMENT COMMITTEE

The Board announces that the Company has established the strategic development committee of the Board (the “**Strategic Development Committee**”) on 26 March 2024 with its written terms of reference.

The primary duties of the Strategic Development Committee shall be (i) ensure the sustainable development of the Company; (ii) ensure the Company’s policies and common practices in compliance with laws and regulatory requirements; (iii) review the Company’s development strategy and mid to long-term development plan, and evaluate and monitor their implementation; (iv) review the Company’s investment strategies and decision making; and (v) exercise such power and perform such other duties as the Board may delegate to it from time to time.

Mr. Chen, Mr. Chen Jiagan and Mr. Xu Wenjun have been appointed as members of the Strategic Development Committee and Mr. Chen has also been appointed as the chairman of the Strategic Development Committee with effect from 26 March 2024.

DEFINITIONS

“Agreement”	the memorandum of agreement dated 22 December 2023 entered into between the Vendor and the Purchaser in respect of the disposal of the XYMG Noble
“Bareboat Charter Agreement”	the bareboat charter agreement dated 15 December 2023 entered into between the Charterer (as charterer) and the Owner (as owner) in relation to the bareboat chartering of the Baustella
“Board”	the board of Directors
“Charterer”	Baustella Shipping (Hong Kong) Limited, 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 the XYMG Noble 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement”	the memorandum of agreement dated 15 December 2023 entered between the Charterer and the Owner in relation to the sale and purchase of the Baustella
“Owner”	Bright Baustella Shipping Limited, a company incorporated under the laws of the Republic of Liberia and indirectly wholly-owned by Avic International Leasing Co., Ltd (中航國際租賃有限公司)
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan, China
“Purchaser”	SAFE ARRIVAL SHIPPING PTE. LTD., a company incorporated under the laws of Singapore, or its guaranteed nominee
“Sale and Leaseback (December 2023) Transactions”	the transactions contemplated under the Memorandum of Agreement, the Bareboat Charter Agreement and other documents in relation to Baustella as described in the announcement of the Company dated 15 December 2023
“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”	Z&L Dolphin Shipping Limited (海豚船務有限公司), a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company as at 22 December 2023
“Year Under Review”	reporting period for the year ended 31 December 2023
“%”	per cent

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

Hong Kong, 26 March 2024

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