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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS

The Board is pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021 as follows:

Financial Summary

	Six months ended 30 June	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	33,233	24,781
Cost of sales	(24,877)	(20,013)
Gross profit	8,356	4,768
Profit from operations	6,494	3,414
Finance costs	(1,939)	(1,924)
Profit for the period	4,554	1,488
	As of	
	30 June	31 December
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Audited)
Financial Positions		
Non-current assets	172,463	191,327
Current assets	44,560	9,172
Non-current liabilities	49,266	37,952
Current liabilities	42,196	41,517
Net assets	125,561	121,030

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		US\$'000	US\$'000
		(unaudited)	(unaudited)
Revenue	4	33,233	24,781
Cost of sales		<u>(24,877)</u>	<u>(20,013)</u>
Gross profit		8,356	4,768
Other income		267	30
Other gains and losses		163	16
Administrative expenses		(2,095)	(1,748)
Other operating expenses		(366)	–
Exchange gains, net		<u>169</u>	<u>348</u>
Profit from operations		6,494	3,414
Finance costs		<u>(1,939)</u>	<u>(1,924)</u>
Profit before tax		4,555	1,490
Income tax expense	5	<u>(1)</u>	<u>(2)</u>
Profit for the period	6	<u>4,554</u>	<u>1,488</u>
Earnings per share	8		
Basic (cents per share)		<u>1.04</u>	<u>0.34</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>4,554</u>	<u>1,488</u>
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(23)</u>	<u>(6)</u>
Other comprehensive income for the period, net of tax	<u>(23)</u>	<u>(6)</u>
Total comprehensive income for the period	<u><u>4,531</u></u>	<u><u>1,482</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June 2022	31 December 2021
	<i>Note</i>	<i>US\$'000</i> (unaudited)	<i>US\$'000</i> (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		95,809	113,455
Right-of-use-assets		76,654	77,872
Total non-current assets		172,463	191,327
Current assets			
Derivative financial instruments		7	–
Inventories		2,435	2,165
Trade receivables	9	2,029	1,299
Other receivables, deposits and prepayments		862	463
Pledged bank deposits		1,400	1,399
Bank and cash balances		22,528	3,846
		29,261	9,172
Asset classified as held for sale	10	15,299	–
Total current assets		44,560	9,172
TOTAL ASSETS		217,023	200,499
EQUITY AND LIABILITIES			
Share capital		4,400	4,400
Reserves		121,161	116,630
Total equity		125,561	121,030

		30 June	31 December
		2022	2021
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Borrowings		43,890	23,620
Lease liabilities		5,376	14,332
		<hr/>	<hr/>
Total non-current liabilities		49,266	37,952
		<hr/>	<hr/>
Current liabilities			
Derivative financial instruments		4	160
Contract liabilities		1,201	257
Borrowings		12,010	17,058
Lease liabilities		22,242	17,121
Trade payables	<i>11</i>	5,173	5,898
Other payables and accruals		1,566	1,023
		<hr/>	<hr/>
Total current liabilities		42,196	41,517
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		217,023	200,499
		<hr/> <hr/>	<hr/> <hr/>
Net current assets/(liabilities)		2,364	(32,345)
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		174,827	158,982
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

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

The accounting policies applied in these condensed financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. SEGMENT INFORMATION

	Asphalt tanker chartering services <i>US\$'000</i> (unaudited)	Bulk carrier chartering services <i>US\$'000</i> (unaudited)	Asphalt trading <i>US\$'000</i> (unaudited)	Total <i>US\$'000</i> (unaudited)
Six months ended 30 June 2022:				
Revenue from external customers	26,099	7,134	–	33,233
Segment profit	<u>3,348</u>	<u>2,676</u>	–	<u>6,024</u>
As at 30 June 2022:				
Segment assets	178,598	31,212	–	209,810
Segment liabilities	<u>(68,220)</u>	<u>(22,073)</u>	–	<u>(90,293)</u>
	Asphalt tanker chartering services <i>US\$'000</i> (unaudited)	Bulk carrier chartering services <i>US\$'000</i> (unaudited)	Asphalt trading <i>US\$'000</i> (unaudited)	Total <i>US\$'000</i> (unaudited)
Six months ended 30 June 2021:				
Revenue from external customers	19,402	5,379	–	24,781
Segment profit	<u>697</u>	<u>2,110</u>	–	<u>2,807</u>
	(audited)	(audited)	(audited)	(audited)
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>(77,934)</u>

Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(unaudited)
Total profit or loss of reportable segments	6,024	2,807
Unallocated interest expense	(47)	(44)
Unallocated corporate income	10	2
Unallocated corporate expenses	<u>(1,433)</u>	<u>(1,277)</u>
Consolidated profit for the period	<u>4,554</u>	<u>1,488</u>

4. REVENUE

The Group's main operations and revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers and lease contracts.

In the following table, revenue is disaggregated by service category and timing of revenue recognition.

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charter and contract of affreightment (“CoA”), recognised over time	16,900	11,321
Revenue from other sources		
— Time charter	16,333	13,460
	33,233	24,781

The following table provides information about receivables and contract liabilities from contracts with customers:

	30 June	31 December
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(audited)
Receivables, which included in “trade receivables”	2,029	1,299
Contract liabilities	(1,201)	(257)

Contract liabilities relating to the advance payments made by the customer or billings invoiced to the customer (whichever is earlier) while underlying services are yet to be provided.

The amount of US\$257,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2022.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Current tax — Singapore Corporate Income Tax		
Underprovision in prior year	<u>1</u>	<u>2</u>

The Group mainly operates in Hong Kong, the People's Republic of China (the "PRC") and Singapore. During the six months ended 30 June 2022, Singapore Corporate Income Tax has been provided at a rate of 17% (six months ended 30 June 2021: 17%). No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax was made since the Group has no assessable profit for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Depreciation on property, plant and equipment	3,395	2,755
Depreciation on right-of-use assets	1,992	2,450
Directors' emoluments	300	264
Exchange gains, net	(169)	(348)
Fair value gains on derivative financial instruments, net	(163)	(16)
Short-term lease charges — office premises	14	31
Staff costs (including directors' emoluments)	<u>1,016</u>	<u>892</u>

7. DIVIDEND

The Directors do not recommend any payment of interim dividend (six months ended 30 June 2021: Nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company	<u>4,554</u>	<u>1,488</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares	<u>440,000</u>	<u>440,000</u>

No diluted earnings per share was presented for the six months ended 30 June 2021 and 2022 as there was no potential ordinary share outstanding.

9. TRADE RECEIVABLES

For time charters, the Group generally receives monthly prepayment from customers. For voyage charters, the Group generally receives full payments within five business days after completion of cargo loading. For CoA, the Group generally receives full payment 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 date of invoice, is as follows:

	30 June	31 December
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(audited)
0 to 30 days	<u>2,029</u>	<u>1,299</u>

10. ASSET CLASSIFIED AS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

On 29 June 2022, the Group entered into a memorandum of agreement with the Purchaser regarding the disposal of a vessel, XYG Fortune, at a cash consideration of US\$20,850,000. The disposed vessel within the reportable segment of bulk carrier chartering services was reclassified to "asset classified as held for sale" measured at its carrying amount on the date of reclassification. The transaction was completed on 22 August 2022.

11. TRADE PAYABLES

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

	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
0 to 30 days	4,464	4,243
31 to 60 days	121	1,455
Over 60 days	588	200
	<u>5,173</u>	<u>5,898</u>

12. EVENTS AFTER THE REPORTING PERIOD

On 7 July 2022, the Group entered into two financing agreements for US\$7,125,000 and US\$8,625,000 respectively for additional working capital. The amounts are repayable in five years, interest bearing and secured by charges over two vessels of the Group and corporate guarantees provided by the Company.

The transactions were approved by the Shareholders at the extraordinary general meeting on 22 August 2022 and are expected to be completed by end of August 2022. Upon completion, the Group will recognise borrowings of US\$7,125,000 and US\$8,625,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2022, our Group recorded revenue of approximately US\$33.2 million, representing an increase of 33.9% 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 eleven 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 of one of the second-hand Capesize vessels, XYG Fortune, which is operated under bulk carrier time charters, and the transaction 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 this 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 traded 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. Hence, our Group maintains the variety of services types with a balanced approach to meet different demands in the market.

In the first half of 2022, the demand for asphalt remained stable and the market conditions for the asphalt tanker chartering services segment have improved, resulting in an increase in the average freight rates under time and voyage charter contracts. On the other hand, our Group faced certain adverse external factors, including reduced asphalt production by the refineries in Asia, seasonal downturn in overall domestic demand in China, continuous rainy season in south China, high volatility of the global crude oil prices resulting in a significant increase in bunker fuel costs and more stringent domestic control measures for the prevention of the COVID-19 pandemic resulting in higher crew expenses.

Amid the adverse external factors, our Group actively engages with potential charterers in different markets around the world to look for new time charter opportunities, so as to minimise the off-hire period of our vessels and ensure adequate operating cash flow and healthy liquidity. In addition, we adjusted the market strategy for operating asphalt tanker voyage charters or CoAs, shifting to long routes as much as possible, such as the Australian shipping route and avoiding fierce competition on the voyages back to China. The operation of long routes might reduce voyage turnover, shorten the idle time for cargo loading, and ensure smooth operation.

We expect that certain capacity will be occupied upon the forthcoming peak season of the Australian market in the second half of 2022. Moreover, the demand for asphalt is expected to increase, as the 14th Five-Year Plan is gradually implemented, the Chinese government is stepping up economic recovery and developing further infrastructure construction, and the infrastructure market of Southeast Asia is set for considerable growth in the next few years. Hence, we remain cautiously optimistic about our growth of asphalt shipping business in the coming years.

During the first half of 2022, the dry bulk market remained stable as iron ore exports from Brazil recovered from the rain season and Indonesia's coal export ban was lifted. As dry bulk rates are expected to remain stable in the coming years with limited supply and with stable growth in trade, we forecast that the dry bulk market will continue growing for the rest of the year. Port congestion has remained an issue, as carriers have consistently been stuck this year. It may lead to an inefficient supply chain, thereby tightening the supply and demand balance in favour of shipowners and operators. Meanwhile, the newbuild orderbook has reached a record low during the first few months of 2022. For demand drivers, both China and India are expected to continue to import coal to rebuild their respective stocks, and coal has regained popularity in the European Union after the transition away from Russian energy. This will increase dry bulk cargo demand at a quicker rate.

However, we remain cautious towards the impact on our business caused by the global oil price spike and of the Russia-Ukraine conflict. This has dominated the landscape of the asphalt market, as well as many other commodity markets. Our Group will enhance our strength and modify our strategy in order to overcome these challenges and uncertainties in the foreseeable future.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022 (the “**Period Under Review**”), our revenue increased to approximately US\$33.2 million by approximately US\$8.4 million or 33.9% from approximately US\$24.8 million for the six months ended 30 June 2021. For the Period 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 and the increase in income from the time charter contracts under the bulk carrier chartering business segment.

Revenue generated from asphalt tanker time charter services increased by approximately US\$1.1 million or 13.6% from approximately US\$8.1 million for the six months ended 30 June 2021 to approximately US\$9.2 million for the six months ended 30 June 2022. Such increase in revenue was mainly attributable to (i) the improvement in market conditions that the average freight rate under time charter contracts for the six months ended 30 June 2022 has increased by 16.9% compared to the corresponding period in 2021, (ii) the increase in revenue from Zhuang Yuan Ao and Jastella of approximately US\$2.5 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 six months ended 30 June 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 substantially by approximately US\$5.6 million or 49.6% from approximately US\$11.3 million for the six months ended 30 June 2021 to approximately US\$16.9 million for the six months ended 30 June 2022, mainly due to (i) the improvement in market conditions that the average freight rate under voyage charter contracts for the six months ended 30 June 2022 has increased significantly by 86.6% compared to the corresponding period in 2021, (ii) the increase in revenue from two vessels as they had no off-hire during the six months ended 30 June 2022, but there was off-hire during dry-docking for the six months ended 30 June 2021 by which 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\$2.8 million for the Period Under Review, as it has changed operation from time charters during the first half of 2021 to voyage charters during the first half of 2022.

During the Period Under Review, two second-hand Capesize vessels, namely XYG Fortune and XYMG Noble, contributed an increase of approximately US\$1.7 million or 31.5% in revenue from bulk carrier time chartering services to our Group, to approximately US\$7.1 million for the six months ended 30 June 2022 from US\$5.4 million for the six months ended 30 June 2021, mainly attributable to the rise of freight rates of bulk carrier chartering services.

Cost of sales

Our cost of sales increased by approximately US\$4.9 million or 24.5%, from approximately US\$20.0 million for the six months ended 30 June 2021 to approximately US\$24.9 million for the six months ended 30 June 2022. Such increase was in line with the increase in revenue of approximately 33.9%, and mainly due to the combined effect of following factors:

- (i) our bunker fees recorded a significant increase of approximately US\$2.9 million or 83.9%, as a result of the significant rise of global bunker indices, the average bunker price increased sharply by approximately 60% to 80% for the six months ended 30 June 2022 as compared to the same corresponding period in 2021; and
- (ii) our crew expenses recorded an increase of approximately US\$1.2 million or 16.6%, 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\$0.1 million or 1.9%, mainly due to the fact no material vessels and dry-docking were acquired during the prior and current periods resulting in a steady amount of depreciation for the six months ended 30 June 2021 and 2022.

Gross profit and gross profit margin

Our Group's gross profit increased sharply by approximately US\$3.6 million or 75.0%, from approximately US\$4.8 million for the six months ended 30 June 2021 to approximately US\$8.4 million for the six months ended 30 June 2022. Such increase was mainly in line with the increase of approximately 33.9% in the revenue and the increase in gross profit margin.

Our overall gross profit margin improved from approximately 19.2% for the six months ended 30 June 2021 to approximately 25.1% for the six months ended 30 June 2022, which was mainly attributable to the increase in the average freight rates under charter contracts as the market conditions for the asphalt tanker chartering services segment have improved and the increase of freight rates of bulk carrier chartering services for the Period Under Review, as well as the depreciation charge remained stable for the six months ended 30 June 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 increased by approximately US\$0.5 million or 66.9% for the six months ended 30 June 2022. Such increase was mainly attributable to the increase in revenue from asphalt tanker time chartering by approximately US\$1.1 million but partially offset by the increase in crew expenses of approximately US\$0.5 million. Accordingly, the gross profit margin increased mildly by approximately 4.7 percentage points.

Our gross profit from asphalt tanker voyage charters and CoAs increased by approximately US\$2.0 million or 144.0% for the six months ended 30 June 2022. Such increase was mainly due to (i) the increase in revenue generated from asphalt tanker voyage charters and CoAs of approximately US\$5.6 million or 49.6%, but was partially offset by (ii) the increase in bunker fee of approximately US\$2.8 million resulting from the significant rise of the bunker price market in the first half of 2022, and (iii) the increase in crew expenses of approximately US\$0.5 million due to the impact of COVID-19. Accordingly, the gross profit margin increased by approximately 7.8 percentage points.

Our gross profit from bulk carrier time chartering services increased by approximately US\$1.1 million or 42.2% for the six months ended 30 June 2022, and its gross profit margin also increased by approximately 3.5 percentage points for the Period Under Review. It was mainly attributable to (i) the increase in revenue from bulk carrier time chartering services by approximately US\$1.7 million for the Period Under Review, but was partially offset by (ii) the increase in crew expenses due to the impact of COVID-19.

Other income

Our other income increased by approximately US\$0.2 million from approximately US\$30,000 for the six months ended 30 June 2021 to approximately US\$0.3 million for the six months ended 30 June 2022. The increase was mainly due to the increase in non-recurring insurance compensation income of approximately US\$0.2 million in relation to the repair costs of vessels for the Period Under Review.

Other gains or losses

Our other gains, net increased from approximately US\$16,000 for the six months ended 30 June 2021 to approximately US\$0.2 million for the six months ended 30 June 2022, mainly due to the increase in net fair value gains on derivative financial instruments (including foreign currency forward contracts and interest rate swap contracts) of approximately US\$0.1 million.

Administrative expenses

Our Group's administrative expenses increased by approximately US\$0.4 million or 23.5% from approximately US\$1.7 million for the six months ended 30 June 2021 to approximately US\$2.1 million for the six months ended 30 June 2022, primarily due to the increase in handling charges of approximately US\$0.3 million mainly incurred for the loan arrangements of two vessels in the first half of 2022, and the increase in staff costs (including Directors' emoluments) of approximately US\$0.1 million.

Other operating expenses

Our Group recorded other operating expenses of approximately US\$0.4 million, mainly in relation to accident-related costs of two vessels, for the six months ended 30 June 2022. Our Group did not incur other operating expenses during the six months ended 30 June 2021.

Exchange gains, net

Our Group's net exchange gains decreased to approximately US\$0.2 million for the six months ended 30 June 2022 from approximately US\$0.3 million for the six months ended 30 June 2021, which was principally attributable to the exchange fluctuation of our Group's borrowings denominated in Singapore Dollars ("SGD"). USD appreciated against SGD by approximately 3.1% and 1.8% for the six months ended 30 June 2022 and 2021, respectively, resulting in exchange gains for the respective periods, 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\$6.3 million as at 30 June 2022.

Finance costs

Our finance costs remained stable at approximately US\$1.9 million for the six months ended 30 June 2022 and 2021, as our Group maintained similar level of borrowings and lease liabilities during the prior and current Period Under Review.

Income tax expense

Income tax expense of approximately US\$1,000 and US\$2,000 was recognised for the six months ended 30 June 2022 and 2021, respectively, mainly represented under-provision for Singapore Corporate Income Tax in prior periods for the six months ended 30 June 2021 and 2020, respectively. For the six months ended 30 June 2022 and 2021, Singapore Corporate Income Tax has been provided at rate of 17%.

No provision for Hong Kong Profits Tax and PRC Corporate Income Tax was made since our Group has no assessable profit for the six months ended 30 June 2022.

Profit for the period

Our profit for the Period Under Review increased significantly by approximately US\$3.1 million or 206.7% from approximately US\$1.5 million for the six months ended 30 June 2021 to approximately US\$4.6 million for the six months ended 30 June 2022, while our net profit margin also increased from approximately 6.0% to approximately 13.7% for the respective periods. Such increase in our profit for the Period Under Review was primarily due to (i) the increase in revenue generated from chartering services of approximately US\$8.4 million, mainly attributable to the improvement in market conditions of the asphalt tanker chartering business, the rise of market price of bulk carriers and the absence of material off-hire of the vessel fleet for the six months ended 30 June 2022, while three 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 six months ended 30 June 2021; but was partially offset by (ii) the increase in bunker fee due to the significant rise of global bunker price; and (iii) the increase in crew expenses due to the impact of COVID-19.

FINANCIAL POSITION

As at 30 June 2022, our Group's total assets amounted to approximately US\$217.0 million (31 December 2021: US\$200.5 million) with net assets amounting to approximately US\$125.6 million (31 December 2021: US\$121.0 million). As at 30 June 2022, the gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.67, representing an increase of 11.7% 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 0.47 as at 30 June 2022, representing a decrease of 14.5% as compared to that of 0.55 as at 31 December 2021. As at 30 June 2022, the current ratio of our Group was 1.06, representing an increase of 381.8% as compared to that of 0.22 as at 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2022, the liquidity position has been improved due to the organic growth and the funding from other loans, while the gearing ratio still remained stable. Our Group adopts a balanced approach to cash and financial management to ensure proper risk control and lower the costs of funds, and seek 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, borrowing and finance lease arrangement and from the net proceeds of the new shares issued in 2020.

As at 30 June 2022, our Group's borrowings and lease liabilities of approximately US\$83.5 million in aggregate, increased by approximately US\$11.4 million as compared to approximately US\$72.1 million as at 31 December 2021, which was primarily due to the proceeds from other loans but gradual repayment of debts financing by the profits generated from operations and general working capital.

As at 30 June 2022, our Group had pledged bank deposits and bank and cash balances of approximately US\$23.9 million in aggregate, representing an increase of approximately US\$18.7 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. 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 30 June 2022, our Group's indebtedness mainly comprised of borrowings and lease liabilities of approximately US\$55.9 million and US\$27.6 million, respectively. Our borrowings are denominated in USD and SGD, while lease liabilities are denominated in USD. All borrowings and lease liabilities are arranged at floating rates, thus exposing our Group to cash flow interest rate risk. During the six months ended 30 June 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 30 June 2022 is as follows:

	Borrowings <i>US\$'000</i>	Lease liabilities <i>US\$'000</i>
Within one year	12,010	22,242
More than one year, but not exceeding two years	11,149	4,782
More than two years, but not more than five years	26,483	594
More than five years	6,258	–
	<u>55,900</u>	<u>27,618</u>

As at 30 June 2022, our borrowings comprised of bank loans and other loans, amounting to approximately US\$6.3 million and US\$49.6 million, respectively.

Bank loans were obtained for the sole purpose of the construction of vessels. As at 30 June 2022, the bank loans were secured by the followings:

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

Other loans were obtained for the additional working capital of our Group. As at 30 June 2022, the other loans were secured by the followings:

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

As at 30 June 2022, our lease liabilities of approximately US\$26.6 million were secured by:

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

The remaining lease liabilities of approximately US\$1.0 million was in relation to the office properties leases and was 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. Our Group has foreign currency forward contracts to hedge the foreign currency risk in respect of borrowings denominated in SGD.

PLEDGE OF ASSETS

As at 30 June 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\$1.4 million and US\$110.6 million, respectively. As at 30 June 2022, the carrying amounts of vessels as right-of-use assets held by our Group and bank balances restricted from being used under finance leases arrangement amounted to approximately US\$75.7 million and US\$0.6 million, respectively.

CAPITAL COMMITMENT

As at 30 June 2022, our Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 30 June 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 30 June 2022, our Group had a total of 39 employees, of which 31 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 six months ended 30 June 2022 and 2021 were approximately US\$1.0 million and US\$0.9 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the six months ended 30 June 2022.

MATERIAL TRANSACTIONS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period 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 of 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 29 June 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 Period Under Review.

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 30 June 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 30 June 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 six months ended 30 June 2022 HK\$'million	Unutilised as at 30 June 2022 HK\$'million
General working capital	<u>43.3</u>	<u>28.3</u>	<u>7.8</u>
	<u>20.5</u>		<u>20.5</u>

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 proceed of approximately HK\$20.5 million as at 30 June 2022 is to be utilised in the next two years.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

UPDATE ON DIRECTORS' INFORMATION AND CHANGE IN DIRECTOR

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.

EVENTS AFTER THE REPORTING PERIOD

On 7 July 2022, the Group entered into the following Sale and Leaseback (July 2022) Transactions:

1. Charterer III (an indirect wholly-owned subsidiary of the Company) entered into: (i) Memorandum of Agreement III 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
2. Charterer IV (an indirect wholly-owned subsidiary of the Company) entered into: (i) Memorandum of Agreement IV 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. The Shareholders has approved the Sale and Leaseback (July 2022) Transactions at the extraordinary general meeting of the Company held on 22 August 2022. The transactions are expected to be completed by end of August 2022.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2022.

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 fully complied with the CG Code during the six months ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY THE 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 enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2022.

REVIEW OF THE INTERIM RESULTS

The Company established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Suen Chi Wai (“**Mr. Suen**”), Mr. Wei Shusong and Mr. Xu Jie. Mr. Suen is the chairman of the Audit Committee.

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the six months ended 30 June 2022, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim results for the six months ended 30 June 2022 is unaudited, but has been reviewed by the auditor of the Company, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.xysgroup.com). The interim report will be dispatched to the Shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contributions to the Group.

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 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 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 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 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 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
“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 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 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 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 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 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” or “China”	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
“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 Company’s circular 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
“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, 26 August 2022

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