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XIN YUAN ENTERPRISES GROUP LIMITED
信源企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1748)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CONTINUED SUSPENSION OF TRADING

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

Financial Summary

	For the year ended 31 December	
	2024	2023
	US$'000	*US$'000*
Revenue	**61,509**	58,916
Cost of sales	**(42,251)**	(41,891)
Gross profit	**19,258**	17,025
Profit from operations	**18,554**	13,964
Finance costs	**(3,995)**	(5,373)
Profit for the year	**14,556**	8,497

	As of	
	31 December 2024	31 December 2023
	US$'000	*US$'000*
Financial Positions		
Non-current assets	**157,822**	162,030
Current assets	**23,973**	25,693
Non-current liabilities	**32,842**	47,784
Current liabilities	**10,035**	15,572
Net assets	**138,918**	124,367

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** **US$'000**	2023 US$'000
Revenue	*4*	**61,509**	58,916
Cost of sales		**(42,251)**	(41,891)
Gross profit		**19,258**	17,025
Other income	*5*	**4,754**	1,954
Other gains and losses, net		**16**	(185)
Administrative expenses		**(5,474)**	(4,350)
Other operating expenses		**–**	(480)
Profit from operations		**18,554**	13,964
Finance costs	*7*	**(3,995)**	(5,373)
Profit before tax		**14,559**	8,591
Income tax expense	*8*	**(3)**	(94)
Profit for the year	*9*	**14,556**	8,497
Earnings per share	*11*		
Basic and dilute earnings per share (cents per share)		**3.31**	1.93

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	US$'000	*US$'000*
Profit for the year	**14,556**	8,497
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(5)**	19
Other comprehensive income for the year, net of tax	**(5)**	19
Total comprehensive income for the year	**14,551**	8,516

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024** **US$'000**	2023 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**157,462**	161,484
Right-of-use assets		**360**	546
Total non-current assets		**157,822**	162,030
Current assets			
Inventories		**1,080**	1,651
Trade receivables	*12*	**657**	333
Other receivables, deposits and prepayments		**805**	965
Contract assets		**373**	–
Bank and cash balances		**21,058**	22,744
Total current assets		**23,973**	25,693
TOTAL ASSETS		**181,795**	187,723
EQUITY AND LIABILITIES			
Share capital	*13*	**4,400**	4,400
Reserves		**134,518**	119,967
Total equity		**138,918**	124,367
LIABILITIES			
Non-current liabilities			
Borrowings		**32,583**	47,323
Lease liabilities		**259**	461
Total non-current liabilities		**32,842**	47,784

	Notes	2024 *US$'000*	2023 *US$'000*
Current liabilities			
Contract liabilities		**–**	130
Borrowings		**6,142**	10,902
Lease liabilities		**197**	185
Trade payables	*14*	**1,401**	1,581
Other payables and accruals		**2,295**	2,774
Total current liabilities		**10,035**	15,572
Total liabilities		**42,877**	63,356
TOTAL EQUITY AND LIABILITIES		**181,795**	187,723
Net current assets		**13,938**	10,121
Total assets less current liabilities		**171,760**	172,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). 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 AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New HKFRS Accounting Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 — Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
Amendments to HKFRS Accounting Standards — Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 and its amendments — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21 — Translation to a Hyperinflationary Presentation Currency	1 January 2027

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. REVENUE

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

	2024	2023
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charter and CoA, recognised over time *(Note)*	**25,884**	19,856
Revenue from other sources		
— Time charter	**35,625**	39,060
	61,509	58,916

Note:

The Group's performance obligation is to make the vessel available to the charterer and provide related vessel operating services over the agreed charter period. Revenue is recognised over time as the charterer simultaneously receives and consumes the benefits from the Group's provision of the vessel and related services.

5. OTHER INCOME

	2024	2023
	US$'000	*US$'000*
Bank interest income	**712**	596
Compensation income	**393**	1,323
Gain on disposal of property, plant and equipment	**3,644**	–
Sundry income	**5**	35
	4,754	1,954

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 *US$'000*	**Bulk carrier chartering services** *US$'000*	**Total** *US$'000*
Year ended 31 December 2024:			
Revenue from external customers	**60,610**	**899**	**61,509**
Segment profit	**15,008**	**4,056**	**19,064**
Interest expense	**3,851**	**89**	**3,940**
Depreciation	**9,604**	**211**	**9,815**
Income tax expense	**3**	**–**	**3**
Other material items of income and expenses:			
Gain on disposal of property, plant and equipment	**–**	**3,644**	**3,644**
Additions to segment non-current assets	**18,985**	**–**	**18,985**
As at 31 December 2024:			
Segment assets	**159,772**	**107**	**159,829**
Segment liabilities	**41,168**	**–**	**41,168**

	Asphalt tanker chartering services *US$'000*	Bulk carrier chartering services *US$'000*	Total *US$'000*
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

Reconciliations of segment profit or loss:

	2024 ***US$'000***	2023 *US$'000*
Revenue		
Total revenue of reportable segments	**61,509**	58,916
Profit or loss		
Total profit or loss of reportable segments	**19,064**	12,440
Unallocated interest revenue	**365**	297
Unallocated interest expense	**(55)**	(74)
Unallocated corporate income	**–**	2
Unallocated corporate expenses	**(4,815)**	(4,074)
Consolidated profit before tax	**14,559**	8,591

Reconciliations of segment assets and liabilities:

	2024	2023
	US$'000	*US$'000*
Assets		
Total assets of reportable segments	**159,829**	174,279
Unallocated amounts:		
Other corporate assets	**21,966**	13,444
Consolidated total assets	**181,795**	187,723
Liabilities		
Total liabilities of reportable segments	**41,168**	61,845
Unallocated amounts:		
Other corporate liabilities	**1,709**	1,511
Consolidated total liabilities	**42,877**	63,356

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 2024 and 2023, over 99% of the Group's non-current assets are vessels and vessels under construction.

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:

	2024	2023
	US$'000	*US$'000*
Provision of asphalt tanker chartering services		
Customer A	**10,600**	12,511
Customer B *(Note (a))*	**10,255**	N/A
Customer C *(Note (a))*	**8,919**	N/A
Customer D *(Note (b))*	**N/A**	9,114
Customer E *(Note (b))*	**N/A**	8,663

Note: (a) Revenue from each of these customers represented less than 10% of the Group's revenue for the year ended 31 December 2023.

(b) Revenue from each of these customers represented less than 10% of the Group's revenue for the year ended 31 December 2024.

7. FINANCE COSTS

	2024	2023
	US$'000	*US$'000*
Interest expense on lease liabilities	**55**	574
Interest on borrowings	**3,940**	4,799
	3,995	5,373

8. INCOME TAX EXPENSE

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

	2024	2023
	US$'000	*US$'000*
Current tax — PRC Enterprise Income Tax ("**PRC EIT**")		
Provision for the year	**–**	92
Current tax — Singapore Corporate Income Tax		
Underprovision in prior year	**3**	2
Income tax expense	**3**	94

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 (2023: Nil).

Singapore Corporate Income Tax has been provided at a rate of 17% (2023: 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, no PRC EIT has been provided since the subsidiaries in the PRC have no assessable profit for the year (2023: 25%).

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:

	2024	2023
	US$'000	*US$'000*
Profit before tax	**14,559**	8,591
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	**2,402**	1,417
Tax effect of income that is not taxable	**(10,592)**	(10,071)
Tax effect of expenses that are not deductible	**8,131**	8,280
Tax effect of tax losses not recognised	**30**	582
Effect of different tax rates of subsidiaries	**29**	(116)
Underprovision in prior year	**3**	2
Income tax expense	**3**	94

As at 31 December 2024, the Group has unused tax losses of approximately US$2,854,000 (2023: US$3,832,000) 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:

	2024	2023
	US$'000	*US$'000*
On 31 December 2024	**–**	973
On 31 December 2025	**1,214**	1,227
On 31 December 2026	**1,008**	1,019
On 31 December 2027	**592**	598
On 31 December 2028	**15**	15
On 31 December 2029	**25**	–
	2,854	3,832

9. PROFIT FOR THE YEAR

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

	2024	2023
	US$'000	*US$'000*
Auditors' remuneration — predecessor auditor	**139**	136
Auditor's remuneration — current auditor	**192**	–
Depreciation of property, plant and equipment	**9,881**	9,002
Depreciation of right-of-use assets	**180**	1,070
Gain on disposal of property, plant and equipment	**(3,644)**	–

10. DIVIDEND

	2024	2023
	US$'000	*US$'000*
Special dividend of HK$0.285 per ordinary share paid	**–**	16,027

The board of directors had not proposed to declare a final dividend for the years ended 31 December 2024 and 2023.

During the year ended 31 December 2024, no dividend was paid to the shareholders (2023: Special dividend HK$0.285 per share).

11. EARNINGS PER SHARE

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

	2024	2023
	US$'000	*US$'000*
Earnings		
Profit for the year attributable to owners of the Company	**14,556**	8,497
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares	**440,000**	440,000

No diluted earnings per share was presented for the year ended 31 December 2024 (2023: 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:

	2024	2023
	US$'000	*US$'000*
0 to 30 days	**657**	333

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

13. SHARE CAPITAL

	Number of shares	**Amount**
		US$'000
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 (US$0.01 each)	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024 (US$0.01 each)	440,000,000	4,400

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 2024, over 25% (2023: 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:

	2024	2023
	US$'000	*US$'000*
0 to 30 days	**1,064**	1,073
31 to 60 days	**17**	12
Over 60 days	**320**	496
	1,401	1,581

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

15. EVENT AFTER REPORTING PERIOD

Subsequent to the reporting period, on 30 July 2026, the Company became aware that Mr. Chen Maochun, a major shareholder, asserted in a written response provided to an independent forensic investigator that, due to alleged breach of contract by Mr. Xu Wenjun, a former executive director, he intends to terminate an agreement dated 15 June 2026 (which relates to the debt settlement of certain historical transactions) and seeks to resume pursuing the Group for a disputed amount of approximately RMB90.81 million.

In respect of this claim, the Group has engaged independent legal counsel to conduct a comprehensive legal review in conjunction with the findings of the independent forensic investigation. The independent legal counsel opined that the Company is not a party to the agreements entered into between the relevant individuals, nor has the Company assumed any repayment obligations under such agreements.

Based on the formal legal opinion obtained, external legal counsel is of the view that the Company has a robust legal defense, the legal risk of the Company bearing any repayment responsibility or suffering losses is very low, and the risk of any economic outflow of benefits by the Group arising from this matter is remote. The Directors, having evaluated the legal opinion and the findings of the independent forensic investigation, consider these assessments to be reasonable.

In accordance with Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets", the Directors, having evaluated the legal opinion and the findings of the independent forensic investigation, consider that no provision for potential losses is required to be recognized in the consolidated financial statements as at the end of the reporting period. The Group will continue to closely monitor the development of this matter and make further disclosures in a timely manner in accordance with the Listing Rules of The Stock Exchange of Hong Kong Limited.

Other than the matter disclosed above, details of other events after the reporting period are set out in the section headed "Management Discussion and Analysis".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Our Group recorded revenue of approximately US$61.5 million for the Year Under Review, representing a mere increase of 4.4% compared with the same corresponding period in 2023, 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 31 December 2024, we operated a fleet of ten vessels with total capacity of approximately 92,000 dwt, of which eight vessels were operated under asphalt tanker time charters, two vessels were operated under asphalt tanker voyage charters or CoAs. The last second-hand Capesize vessel operated under a bulk carrier time charter during the Year Under Review has been disposed in March 2024, with a gain on disposal of approximately US$3.6 million. On the other hand, our Group has entered into a shipbuilding contract in August 2024, to construct two vessels for expanding our asphalt tanker fleet, which are expected to deliver in the fourth quarter of 2026. Those vessels operated under time charters were 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 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. Hence, our Group maintains a variety of services types with a balanced approach to meet different demands in the market.

Sustained global infrastructure investment underpins asphalt demand, supporting steady growth in seaborne transportation demand. Under the "Belt and Road" initiative, Southeast Asia, Africa, the Middle East, and South Asia are launching large-scale road infrastructure projects, driving an annual growth rate of approximately 4.2% in global maritime asphalt trade. In China, major infrastructure initiatives, including county-level road upgrading projects, highway maintenance programs, and water conservancy infrastructure developments, continue to advance, maintaining a stable demand for road construction asphalt. Given the requirement for asphalt to be transported in a heated liquid state, specialised asphalt tankers therefore benefit from substantial technical and operational barriers to entry, providing the industry with strong demand resilience and a high degree of service indispensability.

The International Maritime Organization (IMO)'s requirements for reducing carbon emissions, along with increasingly strict domestic environmental regulations, are speeding up the deployment of high-efficiency asphalt transport ships equipped with advanced temperature control and waste heat recovery systems. Operating old vessels will increase compliance and operating costs, while managing a modern, eco-friendly fleet can better create sustainable competitive advantages. This is also expected to further drive fleet renewal. The current average age of the global asphalt tanker fleet is approximately 14.5 years. As newly built advanced specialised asphalt tankers gradually replace older vessels, it is expected to help alleviate the pressure of oversupply in the market. Therefore, industry consolidation is expected to continue, with major market participants further strengthening their competitive positions.

As part of our ongoing commitment to providing high-quality chartering services, we have entered into contracts for the construction of two chemical/asphalt tankers, each with a 9,550 dwt, at an aggregate consideration of approximately US$42 million. These new vessels are scheduled for delivery in the fourth quarter of 2026. This expansion is aimed at bolstering our Group's footprint in the asphalt tanker chartering market and enhancing our overall competitive edge in the industry.

We are still facing challenges and risks from different aspects, such as industry challenges, geopolitical risks and cost volatility risks. Asphalt transportation is characterised by pronounced seasonality. Demand typically peaks during the spring and summer construction seasons and weakens during winter months, leading to fluctuations in freight volumes and operating revenue. Geopolitical uncertainties across key maritime regions, including the Persian Gulf, the Red Sea, and the Mediterranean, may increase operating risks through higher war-risk insurance premiums and longer voyage distances resulting from route diversions. Given that asphalt tankers generally incur significantly higher fixed operating costs than conventional product tankers, effective cost control and operational efficiency remain critical determinants of long-term competitiveness.

FINANCIAL REVIEW

Revenue

For the Year Under Review, our revenue increased slightly to approximately US$61.5 million by approximately US$2.6 million or 4.4% from approximately US$58.9 million for the year ended 31 December 2023. For the Year Under Review, such increase was mainly due to the increase in revenue generated from asphalt tanker time charters, voyage charters and CoAs attributable to increasing average daily charter rate but offsetting by the decrease in revenue generated from bulk carrier time chartering services as a result of the cessation of contribution from the last Capesize vessel upon its disposal in March 2024.

Revenue generated from asphalt tanker time charters services increased by approximately US$1.0 million or 3.0% from approximately US$33.7 million for the year ended 31 December 2023 to approximately US$34.7 million for the year ended 31 December 2024. Such increase was mainly attributed to the average daily charter rate increasing during the Year Under Review.

Revenue generated from asphalt tanker voyage charters and CoAs increased by approximately US$6.0 million or 30.2% from approximately US$19.9 million for the year ended 31 December 2023 to approximately US$25.9 million for the year ended 31 December 2024, mainly due to the average daily charter rate increasing and a vessel has changed its operation from time charters to voyage charters during the first half of 2024.

During the Year Under Review, revenue from bulk carrier time chartering services (solely generated from the last second-hand Capesize vessel) decreased significantly to approximately US$0.9 million for the year ended 31 December 2024 from US$5.4 million for the year ended 31 December 2023, by approximately US$4.5 million or 83.3% due to the fact that the cessation of contribution from such Capesize vessel upon its disposal in March 2024.

Cost of sales

Our cost of sales increased slightly by approximately US$0.4 million or 1.0%, from approximately US$41.9 million for the year ended 31 December 2023 to approximately US$42.3 million for the year ended 31 December 2024. Such increase was mainly due to the combined effect of the following factors:

(i) our bunker fees increased by approximately US$1.6 million or 29.0%, mainly due to the increase in bunker costs borne by our Group in line with the growth of operations in asphalt tanker voyage charters during the Year Under Review;

(ii) our crew expenses recorded a decrease of approximately US$1.2 million or 8.1%, resulting from no further sailor expenses were incurred for the disposed Capesize vessel since March 2024; and

(iii) our depreciation maintained at same level due to the fact that an increase of depreciation charge attributable to the capitalisation of dry-docking during the Year Under Review but offsetting by the cessation of depreciation of the disposed Capesize vessel since March 2024.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately US$2.3 million or 13.5%, from approximately US$17.0 million for the year ended 31 December 2023 to approximately US$19.3 million for the year ended 31 December 2024. Such increase was mainly due to our overall gross profit margin improved from approximately 28.9% for the year ended 31 December 2023 to approximately 31.3% for the year ended 31 December 2024 attributable to the increase in average daily charter rates.

Our gross profit generated from asphalt tanker time charters services increased by approximately US$0.7 million or 7.9% for the year ended 31 December 2024. Such increase was mainly in line with the increase in revenue from asphalt tanker time chartering of approximately 3.0% and the increase in gross profit margin by approximately 1.1 percentage points due to the increase in average daily charter rates.

Our gross profit from asphalt tanker voyage charters and CoAs for the year ended 31 December 2024 increased significantly by approximately US$3.3 million or 49.3%, as compared to the last year, mainly attributable to the combined effect of the increase of revenue generated from asphalt tanker voyage charters and CoAs of approximately 30.2%, and the improvement of gross profit margin by approximately 4.8 percentage points attributable to the increase in average daily charter rates.

Our gross profit from bulk carrier time chartering services decreased by approximately US$1.7 million or 85.1% for the year ended 31 December 2024, while its gross profit margin maintained at a similar level for both current and prior years. It was mainly due to the discontinuance of profit contribution from the last Capesize vessel following its disposal in March 2024.

Other income

Our other income increased by approximately US$2.8 million from approximately US$2.0 million for the year ended 31 December 2023 to approximately US$4.8 million for the year ended 31 December 2024. Such increase was mainly attributable to a one-off gain on disposal of the last Capesize vessel of approximately US$3.6 million in March 2024.

Other gains and losses, net

Our Group recorded net other gains of approximately US$16,000 for the year ended 31 December 2024, while recorded net other losses of approximately US$0.2 million for the year ended 31 December 2023, mainly attributable to the impact of net foreign exchange fluctuation.

Administrative expenses

Our Group's administrative expenses increased by approximately US$1.1 million or 25.0% from approximately US$4.4 million for the year ended 31 December 2023 to approximately US$5.5 million for the year ended 31 December 2024, mainly due to the increase in Directors' emolument and payout a discretionary bonus and the increase in auditors' remuneration during the Year Under Review.

Other operating expenses

During the Year Under Review, there were no other operating expenses, while our Group incurred other operating expenses of approximately US$0.5 million for the year ended 31 December 2023 in relation to accident- related costs of vessels.

Finance costs

Our finance costs decreased from approximately US$5.4 million for the year ended 31 December 2023 to approximately US$4.0 million for the Year Under Review, mainly attributable to lower gearing ratio.

Income tax expense

Income tax expense decreased from approximately US$94,000 for the year ended 31 December 2023 to approximately US$3,000 for the year ended 31 December 2024, mainly resulted from no provision for current tax for PRC Enterprise Income Tax was made in current year.

For the year ended 31 December 2024 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.

No provision for PRC Enterprise Income Tax was made since our Group has no assessable profit for the year ended 31 December 2024 (2023: provision at a rate of 25%).

No provision for Hong Kong Profits Tax was made since the income derived from overseas sources is not subject to tax or our Group has no assessable profit for the year ended 31 December 2024 and 2023.

Profit for the year

Our profit for the Year Under Review increased significantly by approximately US$6.1 million or 71.8% from approximately US$8.5 million for the year ended 31 December 2023 to approximately US$14.6 million for the year ended 31 December 2024, while our net profit margin also increased from approximately 14.4% to approximately 23.7% for the respective years. Such increase in our profit for the Year Under Review was primarily attributable to a non-recurring gain on disposal of approximately US$3.6 million for the last Capesize vessel in March 2024, the increase in gross profits and the decrease in finance costs.

FINANCIAL POSITION

As at 31 December 2024, our Group's total assets amounted to approximately US$181.8 million (31 December 2023: US$187.7 million) with net assets amounting to approximately US$138.9 million (31 December 2023: US$124.4 million). As at 31 December 2024, the gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.28, representing a decrease of 40.4% as compared to that of 0.47 as at 31 December 2023. Net debt to equity ratio (net debt, being our total debts net of bank and cash balances, divided by total equity attributable to owners of our Company) of our Group was 0.13 as at 31 December 2024, representing a decrease of 55.2% as compared to that of 0.29 as at 31 December 2023. As at 31 December 2024, the current ratio of our Group was 2.39, representing an increase of 44.8% as compared to that of 1.65 as at 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2024, the liquidity position maintained at similar level by the stable profit growth and gearing ratio. 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 2024, our Group's borrowings and lease liabilities were approximately US$39.2 million in aggregate, decreased by approximately US$19.7 million as compared to approximately US$58.9 million as at 31 December 2023, which was primarily due to the repayment of debts financing by the profits generated from operations (net of borrowing raised) during the Year Under Review.

As at 31 December 2024, our Group had bank and cash balances of approximately US$21.1 million, representing a slight decrease of approximately US$1.6 million as compared to approximately US$22.7 million as at 31 December 2023. Such cash outflows were mainly the combined effects of the profits generated from operations, non-recurring gain on disposal of a vessel and gradual repayment of borrowings and lease liabilities. Most of our bank and cash balances were 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 2024, our Group's indebtedness mainly comprised borrowings and lease liabilities of approximately US$38.7 million and US$0.5 million, respectively. Our borrowings were denominated in USD, while lease liabilities, which were related to the office properties lease, were mainly denominated in Renminbi. Majority of the borrowings were arranged at floating rates, thus exposing our Group to cash flow interest rate risk. Our Group might consider to use interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows. Our Group did not enter into any interest rate swap contracts during the Year Under Review, and had no outstanding interest rate swap contracts as at 31 December 2024.

The maturity of borrowings and lease liabilities as at 31 December 2024 is as follows:

	Borrowings	**Lease liabilities**
	US$'000	*US$'000*
Within one year	6,142	197
More than one year, but not exceeding two years	6,465	229
More than two years, but not exceeding five years	18,058	30
More than five years	8,060	–
	38,725	456

Borrowings were solely comprised of other loans, which were obtained for the provision of additional working capital of our Group. As at 31 December 2024, 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$0.5 million as at 31 December 2024 were related to the office properties leases and were not secured by any collateral.

FOREIGN CURRENCY RISKS

Our Group has minimal exposure to foreign currency risk as most of our business transactions, assets and liabilities are denominated in the functional currency of the respective Group entities, only some transactions, assets and liabilities are denominated in other currencies such as SGD and Renminbi. Our Group has also adopted a foreign exchange rate risk control policy to manage the foreign exchange 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 2024, our Group had no outstanding foreign currency forward contracts.

PLEDGE OF ASSETS

As at 31 December 2024, the carrying amounts of bank balances restricted from being used and vessels pledged as securities for our Group's borrowings amounted to approximately US$2.6 million and US$65.9 million, respectively.

CAPITAL COMMITMENT

As at 31 December 2024, our Group had capital commitments contracted for but not yet incurred amounting to US$25.4 million in respect of purchase of property, plant and equipment.

CONTINGENT LIABILITIES

Except for the matter disclosed in the section headed "Events After the Reporting Period — V. A Disputed Amount of Approximately RMB90.81 Million", as at 31 December 2024, 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 with formal and on-the-job training to enhance their technical skills as well as knowledge of industry quality standards and workplace safety standards. As at 31 December 2024, our Group had a total of 41 employees, of which 34 were located in the PRC, 2 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 2024 and 2023 were approximately US$3.3 million and US$2.8 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the year ended 31 December 2024.

MATERIAL TRANSACTIONS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

1. On 16 July 2024, the Charterer II (an indirect wholly-owned subsidiary of the Company) entered into: (1) the Memorandum of Agreement II with Owner II, pursuant to which Owner II agreed to purchase and Charterer II agreed to sell vessel Lotstella subject to the terms and conditions therein; and (2) the Bareboat Charter Agreement II with Owner II in relation to the bareboat chartering of Lotstella.

   For details of the related sale and leaseback transactions, please refer to the Company's announcement dated 16 July 2024.

2. On 5 August 2024, the Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Shipbuilding Contract, pursuant to which the Seller agreed to construct two Vessels for the Buyer for a consideration of US$21,000,000 for each Vessel, with an aggregate consideration of US$42,000,000.

   For details of the acquisition of two Vessels, please refer to the Company's announcement dated 5 August 2024.

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.

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 (including sale of treasury Shares) during the year ended 31 December 2024.

As at 31 December 2024, the Company did not hold any treasury Shares.

EVENTS AFTER THE REPORTING PERIOD

I. Subscription for the Subscription Shares

On 6 January 2025, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue and allot, and the Subscriber conditionally agreed to subscribe for, 88,000,000 Subscription Shares for the aggregate Subscription Price of HK$105,600,000, which shall be paid by the Subscriber to the Company by cash at completion.

On 8 January 2025, the Company and the Subscriber entered into a supplemental agreement to the Subscription Agreement (the "**Supplemental Agreement**") to the effect that (a) the Subscription Price is adjusted from HK$1.20 to HK$1.215 (the "**Adjusted Subscription Price**"); and (b) the inclusion of certain warranties by the Company.

The Adjusted Subscription Price of HK$1.215 represents:

(i) a discount of approximately 12.59% to the closing price of HK$1.39 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and

(ii) a discount of 19% to the average of the closing prices per Share of HK$1.50 as quoted on the Stock Exchange for the last five consecutive business days immediately preceding the date of the Subscription Agreement.

The Adjusted Subscription Price was determined with reference to the prevailing market price of the Shares between the Company and the Subscriber.

The gross and net proceeds from the Subscription will be approximately HK$106.9 million and HK$106.3 million, respectively. After taking into account all related costs, fees, expenses and commission of the Subscription, the net issue price of each Subscription Share is approximately HK$1.21.

The Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Subscription can strengthen the financial position and liquidity of the Group, provide additional working capital to the Group to meet its future development and its existing operations and serve as a means to finance the payment of the remaining consideration for the acquisition of two vessels for an aggregate consideration of US$42,000,000.

On 24 February 2025, the Company and the Subscriber mutually agreed to terminate the Subscription with effect immediately (the "**Termination**") pursuant to a termination agreement dated 24 February 2025. As a result of the Termination, all rights and obligations of the parties under the Subscription Agreement and the Supplemental Agreement shall cease and be determined and no party shall have any claim against the other regarding the Subscription Agreement and the Supplemental Agreement.

Please refer to the Company's announcements dated 6 January 2025, 8 January 2025, 27 January 2025, 20 February 2025 and 24 February 2025 for further information.

II. Purported Requisition for Convening an Extraordinary General Meeting

On 3 January 2025, the Company published an announcement in response to the purported shareholder requisition (the "**First Purported Requisition**") issued by two individuals and one corporate entity, namely Mr. Huang Lingsheng (黃玲生), Mr. Chen Guiren (陳貴仁) and WELL GRACE TRADING CO., LIMITED (華欣貿易有限公司), who, allegedly, are the shareholders of the Company (the "**Purported Requisitionist**") on 13 December 2024. The Company had sought advice from its legal advisers to the Company as to Cayman Islands laws, about the validity of the requisition notice. The Cayman legal advisers of the Company, by means of a legal opinion dated 29 December 2024, advised the Company that as the Shareholders' list of the Company as at 13 December 2024 showed that the Purported Requisitionist only held a total of 17,930,343 Shares (representing approximately 4.08% of the issued share capital of the Company), the relevant requisition notice was not made in compliance with Article 64 of the articles of association of the Company. Accordingly, the Company is not required to convene the extraordinary general meeting in response to the Purported Requisition. For further details of the First Purported Requisition, please refer to the announcements of the Company dated 13 December 2024 and 3 January 2025.

Reference is made to the Company's announcement dated 8 January 2025. On 2 January 2025, the Company received a written notice (the "**Second Requisition Notice**") jointly issued by three corporate entities, namely UNIVERSAL INTERNATIONAL TECHNOLOGY (HONG KONG) LIMITED, WELL GRACE TRADING CO., LIMITED (華欣貿易有限公司) and HJ TECHNOLOGY CO., LIMITED, who allegedly, are the shareholders of the Company (the "**Purported Requisitionists**") and in aggregate hold 169,930,343 Shares (representing approximately 38.62% of the voting rights attached to the total issued shares of the Company as at the date of the Second Requisition Notice). Pursuant to the Second Requisition Notice, the Purported Requisitionists requested the Board to call for an extraordinary general meeting for the purpose of considering and, if thought fit, passing the ordinary resolutions to remove Mr. Chen Jiagan (陳家幹), Mr. Xu Wenjun (徐文均) and Mr. Chen Yanbiao (陳延標) as executive Directors, re-elect Mr. Wei Shusong (魏書松) and Mr. Xu Jie (徐捷) as independent non-executive Directors as well as appoint (a) Mr. Fan Ruihua (范瑞華), Mr. Huang Dehai (黃德海) and Ms. Chen Yanyan as executive Directors; (b) Mr. Yang Lei (楊雷) as non-executive Director; and (c) Mr. Yang Yunmin (楊雲敏) and Mr. Xie Xianyun (謝賢雲) as independent non-executive Directors as Directors.

On 5 January 2025, the Board received a further letter from the Purported Requisitionists and three other alleged shareholders of the Company, GOLDEN BOOMER LIMITED, Mr. Huang Lingsheng (黃玲生) and Mr. Chen Guiren (陳貴仁) (the "**Further Requisition Notice**", which together with the Second Requisition Notice, the "**Requisition Notices**"). The following additional resolutions are proposed to be considered and, if thought fit, passed as ordinary resolutions of the Company at the extraordinary general meeting.

1. to revoke the general mandate (the "**General Mandate**") granted to the Directors at the annual general meeting held on 18 June 2024 (the "**2024 AGM**"), to allot, issue and deal in Shares not exceeding 20% of the total number of Shares in issue, further details as stated in resolution no. 4 of the circular to the Shareholders dated 23 April 2024 (the "**2024 AGM Circular**"), with effect from the conclusion of the extraordinary general meeting; and

2. to revoke the extension of the General Mandate (by the additional thereto of an amount representing the aggregate number of Shares repurchased by the Company under the authority granted in the 2024 AGM), further details as stated in resolution no. 6 of the 2024 AGM Circular, with effect from the conclusion of the extraordinary general meeting.

On 1 March 2025, the Company convened an extraordinary general meeting (the "**EGM**") in connection with the proposed resolutions set out in the Requisition Notices.

As more than 50% of the votes were cast in favour of each of the proposed resolutions in relation to the re-election of Mr. Wei Shusong (魏書松) and Mr. Xu Jie (徐捷) as an independent non-executive Director, the appointment of Mr. Huang Dehai (黃德海) as an executive Director and the revocation of the General Mandate and the extension of the General Mandate with effect from the conclusion of the EGM, these resolutions were duly passed as ordinary resolutions of the Company. Save for the aforementioned, the other proposed resolutions set out in the Requisition Notices were not passed as ordinary resolutions of the Company. Please refer to the Company's announcement dated 1 March 2025 for further details.

III. Suspension of Trading in the Shares on the Stock Exchange

As disclosed in the Company's announcement dated 21 February 2025, the Board received complaints from two shareholders containing certain allegations against the Company. At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 February 2025. The Stock Exchange has issued the resumption guidance and the additional resumption guidance to the Company on 26 May 2025 and 17 May 2026, respectively. Please refer to the Company's announcements dated 29 May 2025, 29 August 2025, 28 November 2025, 23 February 2026, 18 March 2026 and 20 May 2026 for details of the Resumption Guidance and the latest resumption progress.

IV. Change of auditor

RSM Hong Kong resigned as the auditor of the Company with effect from 31 March 2026 as RSM Hong Kong is unable to agree on the timetable for the audit of the Company's financial statements for the years ended 31 December 2024 and 2025.

The Board, having considered the recommendation of the Audit Committee, has resolved to propose to appoint Prism Hong Kong as the new auditor of the Company to fill the casual vacancy in the office of the auditor following the resignation of RSM Hong Kong as the auditor of the Company with effect from 31 March 2026. At the Company's extraordinary general meeting held on 8 May 2026, the Shareholders resolved and approved Prism Hong Kong as the auditor of the Company.

Please refer to the Company's announcements dated 31 March 2026, 16 April 2026, 8 May 2026 and the Company's circular dated 22 April 2026 for further details regarding the change of the auditor.

V. A Disputed Amount of Approximately RMB90.81 Million

Subsequent to the reporting period, on 30 July 2026, the Company became aware that Mr. Chen Maochun, a major shareholder, asserted in a written response provided to an independent forensic investigator that, due to alleged breach of contract by Mr. Xu Wenjun, a former executive Director, he intends to terminate an agreement dated 15 June 2026 (which relates to the debt settlement of certain historical transactions) and seeks to resume pursuing the Group for a disputed amount of approximately RMB90.81 million.

In respect of this claim, the Group has engaged independent legal counsel to conduct a comprehensive legal review in conjunction with the findings of the independent forensic investigation. The independent legal counsel opined that the Company is not a party to the agreements entered into between the relevant individuals, nor has the Company assumed any repayment obligations under such agreements.

Based on the formal legal opinion obtained, external legal counsel is of the view that the Company has a robust legal defense, the legal risk of the Company bearing any repayment responsibility or suffering losses is very low, and the risk of any economic outflow of benefits by the Group arising from this matter is remote. The Directors, having evaluated the legal opinion and the findings of the independent forensic investigation, consider these assessments to be reasonable.

In accordance with Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets", the Directors, having evaluated the legal opinion and the findings of the independent forensic investigation, consider that no provision for potential losses is required to be recognized in the consolidated financial statements as at the end of the reporting period. The Group will continue to closely monitor the development of this matter and make further disclosures in a timely manner in accordance with the Listing Rules.

Save as disclosed in this announcement, the Board is not aware of any significant events after the Year Under Review and up to the date of this announcement which requires disclosure.

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

Save as the acquisition plan of two vessels disclosed above, there was no definite future plan for material investments or acquisition of material capital assets as at 31 December 2024.

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. Except as disclosed below, 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 2024.

Independent Non-executive Directors

On 31 December 2024, Mr. Suen Chi Wai resigned as an independent non-executive Director. Upon the resignation of Mr. Suen Chi Wai, he also ceased to be the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2), 3.21, 3.25 and 3.27A of the Listing Rules.

On 6 January 2025, Mr. Chong Hon Wang has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following the appointment of Mr. Chong, the Company is in compliance with the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

Subsequently, on 17 January 2025, Mr. Chong Hon Wang resigned as an independent non-executive Director. Upon the resignation of Mr. Chong Hon Wang, he also ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2), 3.21, 3.25 and 3.27A of the Listing Rules.

On 20 February 2025, Dr. Chen Siru has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following the appointment of Dr. Chen, the Company is in compliance with the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.

At the extraordinary general meeting of the Company held on 1 March 2025, Mr. Huang Dehai became an executive Director with effect from the conclusion of the EGM. Pursuant to Rule 3.10A of the Listing Rules provides that independent non-executive Directors must represent at least one-third of the Board. Following the appointment of Mr. Huang Dehai, the Board comprises 10 Directors in total, with only Mr. Wei Shusong, Mr. Xu Jie and Dr. Chen Siru being the independent non-executive Directors, therefore the Company has failed to comply with the requirement as set out in Rule 3.10A of the Listing Rules.

Subsequently, on 3 April 2025, Mr. Huang Dehai resigned as an executive Director. Following the resignation of Mr. Huang Dehai as an executive Director, the Company has complied with the requirement under Rule 3.10A of the Listing Rules that independent non-executive Directors must represent at least one-third of the Board.

On 12 March 2026, Mr. Liu Dunyu has been appointed as an executive Director. Rule 3.10A of the Listing Rules provides that a listed issuer must appoint independent non-executive directors representing at least one-third of the board. Following the appointment of Mr. Liu as an executive Director, the Board comprises ten Directors, of which seven are executive Directors and three are independent non-executive Directors. The Company therefore fails to comply with the requirements set out in Rule 3.10A of the Listing Rules.

On 1 April 2026, Mr. Yeung Chi Tat and Ms. Liu Xueying have been appointed as independent non-executive Directors. Following the appointment of Mr. Yeung and Ms. Liu as independent non-executive Directors, the Board comprises twelve Directors, of which seven are executive Directors and five are independent non-executive Directors. The Company therefore re-complies with the requirements set out in Rule 3.10A of the Listing Rules which requires the number of independent non-executive directors shall represent at least one-third of the Board.

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 2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (year ended 31 December 2023: nil).

CHANGE OF AUDITOR

RSM Hong Kong resigned as the auditor of the Company with effect from 31 March 2026 as RSM Hong Kong is unable to agree on the timetable for the audit of the Company's financial statements for the years ended 31 December 2024 and 2025.

The Board, having considered the recommendation of the Audit Committee, has resolved to propose to appoint Prism Hong Kong as the new auditor of the Company to fill the casual vacancy in the office of the auditor following the resignation of RSM Hong Kong as the auditor of the Company with effect from 31 March 2026. At the Company's extraordinary general meeting held on 8 May 2026, the Shareholders resolved and approved Prism Hong Kong as the auditor of the Company.

Please refer to the Company's announcements dated 31 March 2026, 16 April 2026, 8 May 2026 and the Company's circular dated 22 April 2026 for further details regarding the change of the auditor.

SCOPE OF WORK OF PRISM 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 2024 as set out in this announcement have been agreed by the Group's auditor, Prism Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Prism 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 Prism Hong Kong on this announcement.

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 2024 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 published on the respective websites of the Stock Exchange and the Company in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 February 2025 and will remain suspended until the Company fulfils the Resumption Guidance.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Bareboat Charter Agreement II"	the bareboat charter agreement dated 16 July 2024 entered into between Charterer II (as charterer) and Owner II (as owner) in relation to the bareboat chartering of Vessel II, together with its additional clauses
"Board"	the board of Directors
"Buyer"	Shun Yuen Group (Hong Kong) Limited (信源集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on 19 August 2014, which is indirectly wholly-owned by the Company
"Charterer II"	Lotstella Shipping (Hongkong) Limited (荷花星船務(香港)有限公司) (company number: 67870808), 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
"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 II"	the memorandum of agreement dated 16 July 2024 entered between Charterer II and Owner II in relation to the sale and purchase of Vessel II
"Nomination Committee"	the nomination committee of the Board

"Owner II"	Bright Lostella 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
"Prism Hong Kong Limited"	Prism Hong Kong Limited, a registered public interest entity auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
"Remuneration Committee"	the remuneration committee of the Board
"Resumption Guidance"	the resumption guidance and additional resumption guidance issued by the Stock Exchange for the resumption of trading in the Shares as set out in the Company's announcements dated 29 May 2025 and 18 March 2026
"Seller"	China Railway Science & Industry Group Co., Ltd. (中鐵科工集團有限公司)
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shipbuilding Contract"	the shipbuilding contract dated 5 August 2024 entered into between the Buyer and the Seller in respect of the construction of two Vessels
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	TGG Ventures Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned by independent third party(ies)
"Subscription"	the subscription for the Subscription Shares by the Subscriber (or its affiliate(s)) pursuant to the Subscription Agreement

"Subscription Agreement"	the subscription agreement dated 6 January 2025 and entered into between the Company and the Subscriber, pursuant to which the Company agreed to issue and allot, and the Subscriber agreed to subscribe for, 88,000,000 Subscription Shares for the aggregate Subscription Price of the HK$105,600,000
"Subscription Price"	HK$105,600,000 in aggregate or HK$1.2 per Subscription Share
"Subscription Shares"	88,000,000 new Shares to be issued by the Company to the Subscriber (or its affiliate(s)) pursuant to the Subscription
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"Vessel II"	Lotstella with IMO No. 9832121
"Year Under Review"	reporting period for the year ended 31 December 2024
"%"	per cent

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

Hong Kong, 13 August 2026

As at the date of this announcement, Mr. Chen Jiagan, Mr. Chen Ming, Mr. Chen Yanbiao, Ms. Liu Weipeng, Mr. Liu Dunyu and Mr. Tang Xuming are the executive Directors, and Mr. Xu Jie, Mr. Wei Shusong, Dr. Chen Siru, Mr. Yeung Chi Tat and Ms. Liu Xueying are the independent non-executive Directors.