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 2026 AND CONTINUED SUSPENSION OF TRADING

INTERIM RESULTS

The Board is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2026, together with the comparative figures for the six months ended 30 June 2025 as follows:

Financial Summary

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	**28,837**	28,296
Cost of sales	**(19,340)**	(19,769)
Gross profit	**9,497**	8,527
Profit from operations	**7,046**	6,386
Finance costs	**1,074**	1,559
Profit for the period	**5,968**	4,823

	As of	
	30 June	31 December
	2026	2025
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Financial Positions		
Non-current assets	**162,719**	162,736
Current assets	**23,108**	22,411
Non-current liabilities	**22,821**	26,149
Current liabilities	**9,583**	11,511
Net assets	**153,423**	147,487

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	*4*	**28,837**	28,296
Cost of sales		**(19,340)**	(19,769)
Gross profit		**9,497**	8,527
Other income		**177**	317
Other gains and losses, net		**(8)**	29
Administrative expenses		**(2,620)**	(2,487)
Profit from operations		**7,046**	6,386
Finance costs		**(1,074)**	(1,559)
Profit before tax		**5,972**	4,827
Income tax expense	*5*	**(4)**	(4)
Profit for the period	*6*	**5,968**	4,823
Earnings per share			
Basic and dilute (cents per share)	*8*	**1.36**	1.10

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit for the period	**5,968**	4,823
Other comprehensive (expense)/income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(32)**	16
Other comprehensive (expense)/income for the period, net of tax	**(32)**	16
Total comprehensive income for the period	**5,936**	4,839

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**30 June 2026 US$'000 (unaudited)**	31 December 2025 US$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**162,602**	162,538
Right-of-use-assets		**117**	198
Total non-current assets		**162,719**	162,736
Current assets			
Inventories		**1,411**	1,166
Trade receivables	*10*	**–**	274
Other receivables, deposits and prepayments		**589**	895
Contract assets		**–**	188
Bank and cash balances		**21,108**	19,888
Total current assets		**23,108**	22,411
TOTAL ASSETS		**185,827**	185,147
EQUITY AND LIABILITIES			
Share capital		**4,400**	4,400
Reserves		**149,023**	143,087
Total equity		**153,423**	147,487

	Notes	30 June 2026 US$'000 (unaudited)	31 December 2025 US$'000 (audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**22,821**	26,118
Lease liabilities		**–**	31
Total non-current liabilities		**22,821**	26,149
Current liabilities			
Borrowings		**6,298**	6,250
Lease liabilities		**157**	234
Trade payables	*11*	**1,927**	2,984
Other payables and accruals		**1,201**	2,043
Total current liabilities		**9,583**	11,511
Total liabilities		**32,404**	37,660
TOTAL EQUITY AND LIABILITIES		**185,827**	185,147
Net current assets		**13,525**	10,900
Total assets less current liabilities		**176,244**	173,636

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The 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.

The condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. The accounting policies 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 2025.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by HKICPA, for the first time, which is mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of financial instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards-Volume 11

The application of these amendments to a HKFRS Accounting Standard did not result in significant changes to the Group's accounting policies, presentation of the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

	Asphalt tanker chartering services *US$'000* **(unaudited)**	**Bulk carrier chartering services** *US$'000* **(unaudited)**	**Total** *US$'000* **(unaudited)**
Six months ended 30 June 2026:			
Revenue from external customers	**28,837**	**–**	**28,837**
Segment profit	**8,286**	**–**	**8,286**
As at 30 June 2026:			
Segment assets	**139,125**	**102**	**139,227**
Segment liabilities	**31,297**	**–**	**31,297**

	Asphalt tanker chartering services *US$'000* (unaudited)	Bulk carrier chartering services *US$'000* (unaudited)	Total *US$'000* (unaudited)
Six months ended 30 June 2025:			
Revenue from external customers	28,296	–	28,296
Segment profit	7,034	–	7,034
	(audited)	(audited)	(audited)
As at 31 December 2025:			
Segment assets	141,618	107	141,725
Segment liabilities	36,056	–	36,056

Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2026 *US$'000* **(unaudited)**	2025 *US$'000* (unaudited)
Total profit or loss of reportable segments	**8,281**	7,034
Unallocated interest revenue	**142**	79
Unallocated interest expense	**(11)**	(21)
Unallocated corporate expenses	**(2,440)**	(2,265)
Consolidated profit before tax for the period	**5,972**	4,827

4. REVENUE

The Group's operations and main 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 services and timing of revenue recognition.

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
— Voyage charters and contract of affreightment ("**CoA**"), recognised over time *(Note)*	**6,650**	6,838
Revenue from other sources		
— Time charters	**22,187**	21,458
	28,837	28,296

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. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current tax — Singapore Corporate Income Tax Underprovision in prior period	**4**	4

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 period (30 June 2025: Nil).

Singapore Corporate Income Tax has been provided at a rate of 17% (30 June 2025: 17%) except that the income of the subsidiaries in Singapore derived from vessel owning and chartering is exempted from Singapore Corporate Income Tax.

No provision for PRC Enterprise Income Tax was made since the subsidiaries in the PRC have no assessable profit for the period (30 June 2025: Nil).

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**5,102**	4,976
Depreciation of right-of-use assets	**88**	84
Directors' emoluments	**566**	420
Exchange difference, net	**8**	(29)
Expenses relating to short-term leases	**15**	13
Staff costs (including Directors' emoluments)	**1,443**	1,677

7. DIVIDEND

The directors do not recommend the payment of an interim dividend (six months ended 30 June 2025: Nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**5,968**	4,823
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**440,000**	440,000

No diluted earnings per share was presented for the six months ended 30 June 2026 and 2025 as there was no potential ordinary share outstanding.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment of approximately US$5,165,000 (30 June 2025: US$9,037,000).

10. 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 2026	31 December 2025
	US$'000	*US$'000*
	(unaudited)	(audited)
0 to 30 days	**–**	274

11. TRADE PAYABLES

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

	30 June 2026	31 December 2025
	US$'000	*US$'000*
	(unaudited)	(audited)
0 to 30 days	**1,927**	2,984

12. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Our Group recorded revenue of approximately US$28.8 million for the Period Under Review, representing a mere increase of 1.8% compared with the same corresponding period in 2025, from a single operating segment, asphalt tanker chartering services. Our Group principally provides asphalt tanker chartering services under various types of charter agreements comprising: (i) time charters; and (ii) voyage charters and contracts of affreightment ("**CoAs**").

As at the date of this announcement, we operated a fleet of ten vessels with total capacity of approximately 92,000 dwt, of which seven vessels were operated under asphalt tanker time charters, three vessels were operated under asphalt tanker voyage charters or CoAs. In August 2024, our Group has entered into a shipbuilding contract to construct two vessels for expanding our asphalt tanker fleet, which the construction is still in-progress with capital expenditure of approximately US$33.9 million up to end of June 2026 and the delivery is expected 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.

The demand for asphalt tanker chartering is expected steady growth, supported by the global ongoing infrastructure investment. In China, the national comprehensive three-dimensional transportation network, county-level road upgrading projects, highway maintenance programs, and water conservancy infrastructure developments continue to be implemented. China's asphalt seaborne transportation market is projected to reach approximately RMB13.67 billion in 2026, representing year-on-year growth of 6.3%. While the large-scale road infrastructure programs are being launched across Southeast Asia, Africa, and the Middle East under the Belt and Road Initiative, driving an estimated annual growth rate of approximately 4.2% in global seaborne asphalt trade. Especially, the local refinery capacity in North Africa and South Africa is insufficient, with asphalt import demand growing by over 15% annually, leaving ample room for the growth of long-haul asphalt shipping.

Given the transportation of asphalt requires specialised vessels capable of maintaining tanker at elevated temperatures, demanding significant technical expertise, stringent operational standards and substantial capital investment, as a result, higher barriers to entry compared with conventional tanker segments, providing a relatively resilient demand base for asphalt tanker chartering market and a high degree of service indispensability.

Environmental regulations and decarbonisation initiatives remained key drivers shaping industry developments during the year. The implementation of carbon-emission reduction measures by the International Maritime Organization and increasingly stringent domestic environmental regulations is accelerating the deployment of energy-efficient asphalt tankers equipped with advanced temperature control and waste heat recovery systems. Such modern asphalt tanker fleets are better positioned to enhance operational efficiency, manage compliance costs and strengthen their competitive positions. In 2025, around 68% of newbuilding orders consisted of advanced specialised asphalt tankers featuring double-hull and double-bottom designs, high-precision temperature control systems, and improved energy efficiency. Our Group will continue to optimise its fleet structure through the introduction of environmentally friendly and energy-efficient vessels while actively expanding its presence in both domestic and international markets. For such purposes, our Group is constructing two such vessels and which to be delivered in the fourth quarter of 2026.

Nevertheless, the asphalt tanker chartering industry continued to face a number of challenges and uncertainties. Geopolitical tensions in key maritime regions, including the Persian Gulf, the Red Sea and the Mediterranean, remained a source of operational risk, potentially resulting in voyage disruptions, route diversions and elevated insurance costs. In addition, volatility in fuel prices, labour costs and vessel maintenance expenses continued to place pressure on operating margins. The asphalt transportation sector also remains subject to seasonal demand fluctuations, with chartering demand typically softening during winter months following the peak construction season. Accordingly, efficient fleet deployment, cost discipline and prudent risk management remain crucial to maintaining profitability and competitiveness.

Looking ahead, the medium to long term outlook for the specialised asphalt tanker chartering industry remains positive. Continued infrastructure investment across emerging markets, supported by growing demand for road construction and maintenance, is expected to provide a stable foundation for asphalt transportation demand. At the same time, ongoing fleet renewal, stricter environmental compliance requirements and the gradual retirement of older vessels are likely to support industry consolidation and improve market fundamentals. In addition, our Group will further strengthen its safety management and regulatory compliance framework to ensure sustainable operations and maintain high service standards.

FINANCIAL REVIEW

Revenue

For the Period Under Review, our revenue increased to approximately US$28.8 million by approximately US$0.5 million or 1.8% from approximately US$28.3 million for the six months ended 30 June 2025. For the Period Under Review, such increase was mainly due to the increase in average daily charter rate from the asphalt tanker time charters business.

Revenue generated from asphalt tanker time charters services increased by approximately US$0.7 million or 3.3% from approximately US$21.5 million for the six months ended 30 June 2025 to approximately US$22.2 million for the six months ended 30 June 2026. Such increase was mainly attributable to the increase in average daily charter rates during the Period Under Review.

Revenue generated from asphalt tanker voyage charters and CoAs slightly decreased by approximately US$0.1 million or 1.5% from approximately US$6.8 million for the six months ended 30 June 2025 to approximately US$6.7 million for the six months ended 30 June 2026, while there was no material changed its voyage charters operation during the Period Under Review.

Cost of sales

Our cost of sales slightly decreased by approximately US$0.5 million or 2.5%, from approximately US$19.8 million for the six months ended 30 June 2025 to approximately US$19.3 million for the six months ended 30 June 2026. Such decrease was mainly attributable to the combined net effect of the following factors:

(i) our bunker fees decreased by approximately US$0.2 million or 8.1%, mainly due to the decrease in market bunker price and in line with the slow down operations in asphalt tanker voyage charters during the Period Under Review;

(ii) our costs of spare parts and repair decreased by approximately US$0.6 million or 62.7%; and

(iii) our crew expenses increased by approximately US$0.6 million for the Period Under Review.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately US$1.0 million or 11.8%, from approximately US$8.5 million for the six months ended 30 June 2025 to approximately US$9.5 million for the six months ended 30 June 2026. Such increase was mainly due to our overall gross profit margin improved from approximately 30.1% for the six months ended 30 June 2025 to approximately 32.9% for the six months ended 30 June 2026 mainly attributable to the increase in average daily charter rates from the asphalt tanker time charters business.

Other income

Our other income maintained at low and stable level at approximately US$0.3 million and US$0.2 million for the six months ended 30 June 2025 and 2026, respectively.

Other gains and losses, net

Our Group recorded net other losses of approximately US$8,000 for the six months ended 30 June 2026, while recorded net other gains of approximately US$29,000 for the six months ended 30 June 2025, mainly attributable to the impact of net foreign exchange fluctuation.

Administrative expenses

Our Group's administrative expenses maintained at similar level incurring approximately US$2.5 million for the six months ended 30 June 2025 and approximately US$2.6 million for the six months ended 30 June 2026.

Finance costs

Our finance costs decreased from approximately US$1.6 million for the six months ended 30 June 2025 to approximately US$1.1 million for the Period Under Review, mainly attributable to gradually lower gearing ratio.

Income tax expense

Income tax expense maintained at approximately US$4,000 for each of the six months ended 30 June 2025 and 2026.

For the six months ended 30 June 2026 and 2025, 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 six months ended 30 June 2026 and 2025.

No provision for Hong Kong Profits Tax was made since the income derived from overseas sources are not subject to tax or our Group has no assessable profit for the six months ended 30 June 2026 and 2025.

Profit for the period

Our profit for the Period Under Review increased by approximately US$1.2 million or 25.0% from approximately US$4.8 million for the six months ended 30 June 2025 to approximately US$6.0 million for the six months ended 30 June 2026, while our net profit margin also increased from approximately 17.0% to approximately 20.7% for the respective periods. Such increase in our profit for the Period Under Review was primarily attributable to the improvement of gross profits margin and decrease in finance costs.

FINANCIAL POSITION

As at 30 June 2026, our Group's total assets amounted to approximately US$185.8 million (31 December 2025: US$185.1 million) with net assets amounting to approximately US$153.4 million (31 December 2025: US$147.5 million). As at 30 June 2026, the gearing ratio (total debts divided by the total equity attributable to owners of our Company) of our Group was 0.19, representing a decrease of 13.6% as compared to that of 0.22 as at 31 December 2025. 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 0.05 as at 30 June 2026, representing a decrease of 44.4% as compared to that of 0.09 as at 31 December 2025. As at 30 June 2026, the current ratio of our Group was 2.41, representing an increase of 23.6% as compared to that of 1.95 as at 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2026, the liquidity position maintained by 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 30 June 2026, our Group's borrowings and lease liabilities were approximately US$29.3 million in aggregate, decreased by approximately US$3.3 million as compared to approximately US$32.6 million as at 31 December 2025, which was primarily due to the gradual repayment of debts financing by the profits generated from operations.

As at 30 June 2026, our Group had bank and cash balances of approximately US$21.1 million in aggregate, representing an increase of approximately US$1.2 million as compared to approximately US$19.9 million as at 31 December 2025. Such cash outflows were mainly the combined effects of the profits generated from operations, investing in construction of vessels 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 30 June 2026, our Group's indebtedness mainly comprised borrowings and lease liabilities of approximately US$29.1 million and US$0.2 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 are 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 Period Under Review, and had no outstanding interest rate swap contracts as at 30 June 2026.

The maturity of borrowings and lease liabilities as at 30 June 2026 is as follows:

	Borrowings *US$'000*	**Lease liabilities** *US$'000*
Within one year	6,298	157
More than one year, but not exceeding two years	10,456	–
More than two years, but not exceeding five years	9,880	–
More than five years	2,485	–
	29,119	157

Borrowings were solely comprised of other loans, which were obtained for the provision of additional working capital of our Group. As at 30 June 2026, 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$0.2 million as at 30 June 2026 were related to the office properties leases and were not secured by any collateral.

FOREIGN CURRENCY RISKS

Our Group has a certain exposure to foreign currency risk as some of our business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective Group entities, 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 30 June 2026, our Group had no outstanding foreign currency forward contracts.

PLEDGE OF ASSETS

As at 30 June 2026, the carrying amounts of bank balances restricted from being used and vessels pledged as securities for our Group's borrowings amounted to approximately US$8.0 million and US$76.7 million, respectively.

CAPITAL COMMITMENT

As at 30 June 2026, our Group had capital commitments contracted for but not yet incurred amounting to US$8.4 million in respect of construction of vessels.

CONTINGENT LIABILITIES

Except for the matter disclosed in the section headed "Events After the Reporting Period" in this announcement, as at 30 June 2026, 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 30 June 2026, our Group had a total of 45 employees, of which 37 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 2026 and 2025 were approximately US$1.4 million and US$1.3 million, respectively.

SIGNIFICANT INVESTMENT HELD

Our Group had not held any significant investments during the six months ended 30 June 2026.

MATERIAL TRANSACTIONS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period Under Review, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by our Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Saved as disclosed below, there was no definite future plan for material investments or acquisition of material capital assets as at 30 June 2026.

In August 2024, our Group has entered into a shipbuilding contract to construct two vessels for expanding our asphalt tanker fleet, which are expected to deliver in the fourth quarter of 2026.

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 six months ended 30 June 2026.

As at 30 June 2026, the Company did not hold any treasury Shares.

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.

EVENTS AFTER THE 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.

Save as disclosed in this announcement, there are no important events affecting the Group which have occurred since the end of the Period Under Review and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

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 fully complied with all the applicable code provisions of the CG Code during the six months ended 30 June 2026.

Independent Non-executive Directors

On 12 March 2026, Mr. Liu Dunyu has been appointed as an executive Director. Rule 3.10A of the Listing Rules provide hat 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 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 C3 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 2026.

REVIEW OF THE INTERIM RESULTS

The Audit Committee, comprising all the independent non-executive Directors, has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2026, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

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 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.

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.

DEFINITION

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"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
"dwt"	deadweight tonnages
"Group"	the Company and its subsidiaries
"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
"Period Under Review"	the financial period for the six months ended 30 June 2026
"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
"Prism Hong Kong"	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)
"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
"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
"%"	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.