



# **JINHUI SHIPPING AND TRANSPORTATION LIMITED**

**Fourth Quarter Report for the  
Quarter Ended 31 December 2022  
and  
Preliminary Annual Results for the  
Year Ended 31 December 2022**

# HIGHLIGHTS

## For the Year Ended 31 December 2022

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➤ Revenue for the year: US\$152 million

➤ Net loss for the year: US\$7 million included non-cash impairment loss on owned vessels of US\$49 million

➤ Basic loss per share: US\$0.065

➤ Gearing ratio as at 31 December 2022: 5%

➤ Proposed final dividend: US\$0.04 per share

## For the Fourth Quarter of 2022

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➤ Revenue for the quarter: US\$30 million

➤ Net loss for the quarter: US\$47 million included non-cash impairment loss on owned vessels of US\$49 million

➤ Basic loss per share: US\$0.428

The Board of **Jinhui Shipping and Transportation Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the quarter and year ended 31 December 2022.

## **FOURTH QUARTER AND ANNUAL RESULTS**

The Group reported a revenue for the fourth quarter of 2022 of US\$29,622,000, representing a decrease of 30% as compared to US\$42,581,000 for the same quarter in 2021. The consolidated net loss for the quarter was US\$46,751,000 which included an impairment loss of US\$49,326,000 on owned vessels as compared to a consolidated net profit of US\$84,058,000 which included a reversal of impairment loss of US\$68,085,000 on owned vessels, was reported in the fourth quarter of 2021. Basic loss per share was US\$0.428 for the fourth quarter of 2022 as compared to basic earnings per share of US\$0.769 for the corresponding quarter in 2021. The consolidated net loss for the quarter was mainly attributable to a further downward correction in the market freight rates was continued during the quarter and it was also affected by the increment in cost reflected in the increase in vessel running cost, vessel depreciation and vessel finance cost for the current quarter as compared to the corresponding quarter in 2021. In addition, the Group recognized an impairment loss on owned vessels of US\$49,326,000 as at 31 December 2022. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

Revenue for the year 2022 increased 16% to US\$152,466,000, comparing to US\$131,069,000 for the year 2021. The Company recorded a consolidated net loss of US\$7,113,000 for the year 2022, which included an impairment loss of US\$49,326,000 on owned vessels while a consolidated net profit of US\$194,197,000 which included a reversal of impairment loss of US\$133,606,000 on owned vessels, was reported in the year 2021. Basic loss per share for the year was US\$0.065 as compared to basic earnings per share of US\$1.777 for the year 2021.

Given the strong rebound of market freight rates driven by robust demand for dry bulk commodities since 2021, limited supply of vessels and the increase in number of owned and chartered-in vessels, the Group recorded a significant increase in the chartering freight and hire revenue for the first half of 2022. However, there was a decline in market freight rates during the second half of 2022 as affected by the increase in interest rates imposed by various central banks, higher inflation, congestion related to COVID-19 ease globally, ongoing of multiple geo-political issues and slowdown of global economic growth. The average daily time charter equivalent rate decreased from US\$19,233 for the year 2021 to US\$18,813 for the year 2022. The consolidated net loss for the year was also affected by the increment in vessel operating expenses such as crew costs and other pandemic related manning expenses incurred during the year.

Due to subdued macroeconomic conditions in the second half of 2022, the market freight rates continued to decline particularly in the fourth quarter of 2022. The Group performed an impairment loss review at end of 2022 to reflect our change in the expectation of the outlook of long term global economy and the dry bulk shipping industry. The assumptions applied in estimation of the value in use of our owned vessels were therefore adjusted accordingly. An impairment loss on owned vessels recognized at 31 December 2022 was US\$49,326,000. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

In order to remain competitive in the market, the management considered to fine tune the quality of our fleet. During the year, the Group entered into agreements to acquire three vessels and took delivery of five vessels including two vessels which were committed to acquire in December 2021. In addition, the Group entered into a charterparty with a third party in respect of leasing of a vessel for a term of seven years. The vessel was delivered to the Group in June 2022. During the year, the Group also entered into agreements to dispose of five vessels and these vessels were delivered to their respective purchasers in the year. In face of the increasing uncertainties from the external environment, the Group will continue to stay alert to any unforeseen changes to the market and carry out any investment decisions cautiously, with a view to create sustainable return to shareholders in long term. As at 31 December 2022, the Group owned twenty four grabs fitted Supramaxes and has one chartered-in Panamax.

## DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of US\$0.04 per share for the year ended 31 December 2022 and such dividend, if approved by the shareholders at the forthcoming annual general meeting scheduled on 24 May 2023, will be paid to the beneficial owners of the shares of the Company whose names are registered in the Euronext Securities Oslo, the Norwegian Central Securities Depository, at the close of business on 26 May 2023. The Company's shares listed on the Oslo Stock Exchange will be traded including dividend up until and including 24 May 2023. The ex dividend date is 25 May 2023 and the dividend will be paid on or about 16 June 2023.

On 24 August 2022, the Board resolved to pay an interim dividend of US\$0.03 per share to the shareholders of the Company. The interim dividend was paid to the shareholders of the Company on 20 September 2022. The proposed final dividend as mentioned above, if approved, will bring the total dividends for 2022 to US\$0.07 per share.

## REVIEW OF OPERATIONS

**Fourth Quarter of 2022.** Dry bulk shipping market suffered a slump during the quarter due to subdued macroeconomic conditions. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates continued during the quarter. Baltic Dry Index ("BDI") opened at 1,760 points at the beginning of October and rose to the peak of the quarter at 1,996 points and closed at 1,515 points by the end of December 2022. The average of BDI of the fourth quarter of 2022 was 1,523 points, which compares to 3,498 points in the same quarter in 2021.

Revenue for the fourth quarter of 2022 was US\$29,622,000 representing a decrease of 30% as compared to US\$42,581,000 for the same quarter in 2021 due to the market freight rates were in a stage of a downward correction. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet decreased 44% to US\$12,879 for the fourth quarter of 2022 as compared to US\$22,808 for the corresponding quarter in 2021. The fleet utilization rate of the Group's fleet slightly increased from 95% in the fourth quarter of 2021 to 96% in the fourth quarter of 2022.

	<b>2022</b>	2021	<b>2022</b>	2021
	<b>Q4</b>	Q4	<b>Q4</b>	Q4
<b>Average daily TCE of the Group's fleet</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Post-Panamax / Panamax fleet	<b>16,168</b>	31,580	<b>20,180</b>	19,116
Supramax fleet	<b>12,591</b>	21,845	<b>18,681</b>	19,247
In average	<b>12,879</b>	22,808	<b>18,813</b>	19,233

During the quarter, the Group entered into three agreements to dispose of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively and one Supramax of deadweight 52,050 metric tons at total consideration of US\$47,800,000 with a net loss of US\$510,000 which was recognized on completion of the disposal of these vessels during the quarter.

Other operating income increased from US\$4,497,000 for the fourth quarter of 2021 to US\$11,750,000 for the current quarter mainly due to the write-back of other payables of US\$5,167,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the quarter. In addition, the Group recorded a net gain of US\$3,765,000 on financial assets at fair value through profit or loss for the current quarter as compared to a net loss of US\$1,467,000 on financial assets at fair value through profit or loss for the corresponding quarter in 2021, which was included in other operating expenses in corresponding quarter of 2021.

Shipping related expenses mainly comprised of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' expenses. Shipping related expenses increased from US\$15,248,000 for the fourth quarter of 2021 to US\$19,722,000 for the current quarter. It was mainly attributable to the increase in crew cost which due to the inflation and other pandemic related manning expenses. In addition, a net loss of US\$2,491,000 on bunker arising from shipping operations was recognized due to the bunker price continued to decline since the third quarter of 2022 whereas, a net gain of US\$1,470,000 on bunker arising from shipping operations was recognized in the same quarter in 2021 and included in other operating income. The Group's daily vessel running cost increased to US\$5,920 for the fourth quarter of 2022 as compared to US\$5,667 for the fourth quarter of 2021. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Other operating expenses decreased from US\$5,054,000 for the fourth quarter of 2021 to US\$1,416,000 for the current quarter. It was mainly due to the Group recorded a fair value loss of US\$2,176,000 on investment properties for the fourth quarter of 2021 while a fair value loss of US\$132,000 on investment properties was recorded for the current quarter. In addition, the Group recognized a net loss of US\$1,467,000 on financial assets at fair value through profit or loss in the fourth quarter of 2021 whereas a net gain of US\$3,765,000 on financial assets at fair value through profit or loss was recognized in the current quarter, which was included in the other operating income.

Depreciation and amortization increased from US\$6,192,000 for the fourth quarter of 2021 to US\$11,244,000 for the fourth quarter of 2022. The Group's daily vessel depreciation increased to US\$4,314 for the fourth quarter of 2022 as compared to US\$3,046 for the fourth quarter of 2021 mainly due to the combination effects on the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021, the delivery of acquired owned vessels and the increment in capitalized drydocking costs incurred under the regular drydocking schedule. Depreciation and amortization for the current quarter also included the recognition of depreciation on right-of-use assets of US\$1,063,000.

Finance costs increased from US\$386,000 for the fourth quarter of 2021 to US\$1,484,000 for the fourth quarter of 2022. The increase was mainly attributable to the rising interest rate and the drawdown of new secured bank loans as compared with that of the corresponding quarter in 2021.

**Year 2022.** Year 2022 was a challenging year for dry bulk shipping market. In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. With the recovery of the pandemic across different countries around the world and the gradual release from lock-downs, there was a strong rebound of market freight rates driven by robust demand for dry bulk commodities, limited supply of vessels and COVID-19 related congestion, despite the simultaneous occurrence of multiple geo-political issues. Dry bulk shipping market sentiment was changed during the second half of 2022. The freight rates had been softened gradually since the third quarter of 2022 due to the increase in interest rates imposed by various central banks, higher inflation, congestion related to COVID-19 ease globally, ongoing of multiple geo-political issues. Dry bulk shipping market endured a slump during the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022. BDI opened at 2,217 points in January and rose to the peak at 3,369 points in May and closed at 1,515 points by the end of December 2022. The average of BDI for the year 2022 was 1,934 points, which compares to 2,943 points in 2021.

Revenue for the year 2022 increased 16% to US\$152,466,000, comparing to US\$131,069,000 for the year 2021 due to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide and the increase in number of owned and chartered-in vessels as compared to the year 2021. However, there was a downward correction in market freight rates during the second half of 2022. The average daily TCE earned by the Group's fleet decreased 2% to US\$18,813 for the year 2022 as compared to US\$19,233 for the year 2021. The Company recorded a consolidated net loss of US\$7,113,000 for the year 2022, which included an impairment loss of US\$49,326,000 on owned vessels, as compared to the consolidated net profit of US\$194,197,000 which included a reversal of impairment loss of US\$133,606,000 on owned vessels for the year 2021. Basic loss per share for the year was US\$0.065 as compared to basic earnings per share of US\$1.777 for the year 2021.

During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these vessels during the first quarter of 2022. During the fourth quarter of 2022, the Group entered into three agreements to dispose of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively and one Supramax of deadweight 52,050 metric tons at total consideration of US\$47,800,000 with a net loss of US\$510,000 which was recognized on completion of the disposal of these vessels during the quarter. The total net gain of US\$5,636,000 on disposal of owned vessels was recognized during the year.

Other operating income increased from US\$12,616,000 for the year 2021 to US\$15,419,000 for the current year mainly due to the write-back of other payables of US\$5,167,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the year.

Due to subdued macroeconomic conditions in the second half of 2022, dry bulk shipping market suffered a slump particularly in the fourth quarter of 2022. The market freight rates continued to decline. This inevitably introduced volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2022.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were significantly less than their respective carrying amounts at end of 2022. Accordingly, an impairment loss of US\$49,326,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect our change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of our owned vessels. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group. Whereas, due to dry bulk shipping market had strengthened remarkably in 2021, the Group recognized a total reversal of impairment loss on owned vessels was US\$133,606,000.

Shipping related expenses increased from US\$43,524,000 for the year 2021 to US\$66,793,000 for the current year mainly due to the inflation and the increase in number of owned vessels that led to an increase in shipping related expenses for the year. The Group's daily vessel running cost increased to US\$5,656 for the year 2022 as compared to US\$4,624 for the year 2021 due to the increased crew costs and other pandemic related manning expenses. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

During the year, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. In accordance with IFRS 16 and HKFRS 16 Leases, the Group recognized the unaudited value of the right-of-use asset which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position. The Directors consider that the lease of a Panamax newbuilding represents an opportunity for the Group to increase the carrying capacity with a modern ship at a reasonable price via means other than outright acquisition of vessels, improving the fleet profile of the Group with minimal immediate capital expenditure, bring chartering freight and hire income to the Group and enhance the Group's income and cashflow from core shipping business.

Depreciation and amortization increased from US\$18,848,000 for the year 2021 to US\$39,870,000 for the year 2022. The Group's daily vessel depreciation increased to US\$4,074 for the year 2022 as compared to US\$2,587 for the year 2021 mainly due to the combination effects on the increase in carrying amounts of the owned vessels after the recognition of the reversal of impairment loss on owned vessels in 2021, the delivery of acquired owned vessels and the increment in capitalized drydocking costs incurred under the regular drydocking schedule. Depreciation and amortization for the current year also included the recognition of depreciation on right-of-use assets of US\$2,743,000.

Finance costs increased from US\$1,749,000 for the year 2021 to US\$3,438,000 for the year 2022. The increase was mainly attributable to the rising interest rate and the drawdown of new secured bank loans as compared with that of the year 2021.

## **FINANCIAL REVIEW**

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$140,482,000 (2021: US\$81,231,000) and on other property, plant and equipment was US\$121,000 (2021: US\$66,000).

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property"), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited ("Dual Bliss") of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (2021: US\$372,000).

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000 and the total consideration of the two vessels is US\$34,500,000. Both vessels were delivered to the Group during the first quarter of 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (2021: US\$34,872,000). Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.



During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes at total consideration of US\$17,750,000 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these vessels in the first quarter of 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax at a purchase price of US\$25,500,000, which was delivered to the Group at end of July 2022.

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. The Group recognized the unaudited value of the right-of-use asset and corresponding lease liabilities in the consolidated statement of financial position. Details are disclosed hereinabove under the heading of Year 2022.

On 9 September 2022, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a purchase price of US\$25,375,000 and the total purchase price of the two vessels is US\$50,750,000. Both vessels were delivered to the Group during the fourth quarter of 2022.

During the fourth quarter of 2022, the Group entered into three agreements to dispose of two Post-Panamaxes and one Supramax at total consideration of US\$47,800,000 with a net loss of US\$510,000 which was recognized on completion of the disposal of these vessels during the quarter.

We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal, acquisition or charter-in of vessels and will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness.

The Group's total secured bank loans decreased from US\$92,578,000 as at 31 December 2021 to US\$82,838,000 as at 31 December 2022, of which 41%, 19% and 40% are repayable respectively within one year, one to two years and two to five years. During the year, the Group had drawn new revolving loan and term loan of US\$66,859,000 (2021: US\$12,556,000) and repaid US\$76,599,000 (2021: US\$28,323,000). The bank borrowings represented vessel mortgage loans that were denominated in United States Dollars, revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars and United States Dollars. All bank borrowings were committed on floating rate basis.

During the year, cash generated from operations before changes in working capital was US\$75,567,000 (2021: US\$76,136,000) and the net cash generated from operating activities after working capital changes was US\$88,339,000 (2021: US\$91,447,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities, and decrease in loan receivables due to certain borrowers chose to early repay respective loans in full in the year. During the year, the Group's net loss on financial assets at fair value through profit or loss was US\$2,510,000 (2021: US\$2,570,000), comprised of a realized gain of US\$1,493,000 (2021: US\$2,755,000) upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US\$4,003,000 (2021: US\$5,325,000) on financial assets at fair value through profit or loss for the year. The aggregate interest income and dividend income from financial assets was US\$3,688,000 (2021: US\$4,521,000).

As at 31 December 2022, the Group maintained positive working capital position of US\$34,153,000 (2021: US\$37,887,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US\$61,504,000 (2021: US\$76,407,000).

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, slightly increased to 5% (2021: 4%) as at 31 December 2022. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 31 December 2022, the Group is able to service its debt obligations, including principal and interest payments.

## FLEET

As at 31 December 2022, the Group had twenty four owned vessels and one chartered-in vessel as follows:

	Number of vessels		
	Owned	Chartered-in	Total
Panamax fleet	-	1	1
Supramax fleet	24	-	24
<b>Total fleet</b>	<b>24</b>	<b>1</b>	<b>25</b>

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000 and the total consideration of the two vessels is US\$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. Both vessels were delivered to the Group during the first quarter of 2022.

During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000. Both vessels were delivered to the purchasers at end of March 2022.

On 28 March 2022, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,485 metric tons at a purchase price of US\$25,500,000, which was delivered to the Group at end of July 2022.

On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022.

On 9 September 2022, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a purchase price of US\$25,375,000 and the total purchase price of the two vessels is US\$50,750,000. The first vessel is deadweight 63,518 metric tons and the second vessel is deadweight 63,469 metric tons. Both vessels were delivered to the Group during the fourth quarter of 2022.

During the fourth quarter of 2022, the Group entered into three agreements to dispose of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively and one Supramax of deadweight 52,050 metric tons at total consideration of US\$47,800,000. These vessels were delivered to the purchasers during the quarter.

## **RISK FACTORS**

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, financial market conditions including fluctuations in marketable securities value, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

## **OUTLOOK**

2022 was overall a good year for shipping, with the freight environment being steadily driven by a general robust demand for commodities worldwide. As discussed before, volatility is expected given any changes in monetary policies or material geo-political issues will affect business sentiment, or in some cases business practices or trade patterns will be affected. Shipping will not be shipping without a good dose of volatility. 2023 turns out to be very different so far.

There has been a general slowdown in economic activities since second half of 2022, primarily driven by the interest rate outlook which translates to increasing borrowing costs and correction of risk assets values, as well as a general expectation of a slower global economic growth going forward given geopolitical conflicts at multi frontiers. Freight rates of dry bulk shipping has been weakening as a result which has carried on since 2023 began.

When we look purely at the industry fundamentals, the supply of new vessels remain low. However, demand for commodities has become increasingly uncertain where worries over the economic growth in 2023 persistently linger over all industries. Transportation of certain commodities will undergo profound and complex changes given the variables that affect our business are a combination of industry specific, economical, as well as geopolitically driven.

With the expected global dry bulk fleet growth at historical lows, and with no consensus in the shipping with regards to the next generation engine design to reduce carbon emission, new vessel orders are expected to be few. Looking ahead, should signs of economic recovery gains momentum, our fleet will be well positioned to benefit.

We remain alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In light of the expected slowdown in global economic growth as well as a weakening freight market, we have decided to revalue downwards the value of our fleet. We currently have no capital expenditure commitment in relation to newbuilding contracts, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to our seafarers who have continued to remain professional under an extremely challenging environment, as well as all customers and stakeholders for their ongoing support.

## **PUBLICATION OF FINANCIAL INFORMATION**

This report is available on the website of the Company at [www.jinhuiship.com](http://www.jinhuiship.com) and the NewsWeb of the Oslo Stock Exchange at [www.newsweb.no](http://www.newsweb.no).

By Order of the Board

A handwritten signature in black ink, appearing to be "Ng Siu Fai", written over a horizontal line.

**Ng Siu Fai**  
*Chairman*

28 February 2023

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

		<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
	<i>Note</i>				
<b>Revenue</b>	2	<b>29,622</b>	42,581	<b>152,466</b>	131,069
Net gain (loss) on disposal of owned vessels	3	<b>(510)</b>	-	<b>5,636</b>	-
Other operating income	4	<b>11,750</b>	4,497	<b>15,419</b>	12,616
Interest income	5	<b>339</b>	256	<b>1,064</b>	2,980
Reversal of impairment loss (Impairment loss) on owned vessels	6	<b>(49,326)</b>	68,085	<b>(49,326)</b>	133,606
Shipping related expenses		<b>(19,722)</b>	(15,248)	<b>(66,793)</b>	(43,524)
Staff costs		<b>(4,756)</b>	(4,518)	<b>(13,668)</b>	(13,397)
Other operating expenses		<b>(1,416)</b>	(5,054)	<b>(8,583)</b>	(8,366)
<b>Operating profit (loss) before depreciation and amortization</b>		<b>(34,019)</b>	90,599	<b>36,215</b>	214,984
Depreciation and amortization		<b>(11,244)</b>	(6,192)	<b>(39,870)</b>	(18,848)
<b>Operating profit (loss)</b>		<b>(45,263)</b>	84,407	<b>(3,655)</b>	196,136
Finance costs		<b>(1,484)</b>	(386)	<b>(3,438)</b>	(1,749)
<b>Profit (Loss) before taxation</b>		<b>(46,747)</b>	84,021	<b>(7,093)</b>	194,387
Taxation	8	<b>(4)</b>	37	<b>(20)</b>	(190)
<b>Net profit (loss) for the period / year</b>		<b>(46,751)</b>	84,058	<b>(7,113)</b>	194,197
<b>Other comprehensive income (loss)</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Change in fair value of financial assets at fair value through OCI (non-recycling)		<b>1,339</b>	1,118	<b>(2,861)</b>	1,884
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Change in fair value of financial assets at fair value through OCI (recycling)		<b>(38)</b>	74	<b>(38)</b>	112
<b>Total comprehensive income (loss) for the period / year attributable to shareholders of the Company</b>		<b>(45,450)</b>	85,250	<b>(10,012)</b>	196,193
<b>Earnings (Loss) per share</b>	9				
- Basic and diluted		<b>US\$(0.428)</b>	US\$0.769	<b>US\$(0.065)</b>	US\$1.777

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	<i>Note</i>	<b>31/12/2022</b> <b>(Unaudited)</b> <b>US\$'000</b>	31/12/2021 (Audited) US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		384,661	389,549
Right-of-use assets	11(i)	28,997	-
Investment properties	12	27,210	28,145
Financial assets at fair value through OCI	13	9,840	12,739
Loan receivables	14	-	3,698
		<b>450,708</b>	434,131
<b>Current assets</b>			
Inventories		2,993	3,413
Loan receivables	14	1,342	5,538
Trade and other receivables		20,245	19,621
Financial assets at fair value through profit or loss	15	29,227	43,387
Pledged deposits		444	8,307
Bank balances and cash		33,353	33,328
		<b>87,604</b>	113,594
<b>Total assets</b>		<b>538,312</b>	547,725

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	31/12/2022 (Unaudited) US\$'000	31/12/2021 (Audited) US\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital		5,463	5,463
Reserves		405,674	426,612
<b>Total equity</b>		<b>411,137</b>	<b>432,075</b>
<b>Non-current liabilities</b>			
Secured bank loans	16	48,560	39,943
Lease liabilities	11(ii)	25,164	-
		<b>73,724</b>	<b>39,943</b>
<b>Current liabilities</b>			
Trade and other payables		14,833	22,923
Amount due to holding company		167	149
Secured bank loans	16	34,278	52,635
Lease liabilities	11(ii)	4,173	-
		<b>53,451</b>	<b>75,707</b>
<b>Total equity and liabilities</b>		<b>538,312</b>	<b>547,725</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

	Issued capital (Audited) US\$'000	Share premium (Audited) US\$'000	Capital redemption reserve (Audited) US\$'000	Contributed surplus (Audited) US\$'000	Revaluation reserve (Audited) US\$'000	Reserve for financial assets at fair value through OCI (Audited) US\$'000	Retained profits (Audited) US\$'000	Total equity (Audited) US\$'000
At 1 January 2021	5,463	95,585	719	16,297	476	758	119,862	239,160
<b>Comprehensive income</b>								
Net profit for the year	-	-	-	-	-	-	194,197	194,197
<b>Other comprehensive income</b>								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	1,996	-	1,996
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1,996	194,197	196,193
2021 interim dividend paid	-	-	-	-	-	-	(3,278)	(3,278)
At 31 December 2021	5,463	95,585	719	16,297	476	2,754	310,781	432,075
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000	(Unaudited) US\$'000
At 1 January 2022	5,463	95,585	719	16,297	476	2,754	310,781	432,075
<b>Comprehensive loss</b>								
Net loss for the year	-	-	-	-	-	-	(7,113)	(7,113)
<b>Other comprehensive loss</b>								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(2,899)	-	(2,899)
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	(2,899)	(7,113)	(10,012)
2021 final dividend paid	-	-	-	-	-	-	(7,648)	(7,648)
2022 interim dividend paid	-	-	-	-	-	-	(3,278)	(3,278)
<b>Total dividend paid</b>	-	-	-	-	-	-	(10,926)	(10,926)
At 31 December 2022	5,463	95,585	719	16,297	476	(145)	292,742	411,137



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)**

	Year ended 31/12/2022 (Unaudited) US\$'000	Year ended 31/12/2021 (Audited) US\$'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations before changes in working capital	75,567	76,136
Decrease in working capital	15,682	17,489
Cash generated from operations	91,249	93,625
Interest paid	(2,690)	(1,785)
Hong Kong Profits Tax paid	(220)	(393)
<b>Net cash from operating activities</b>	<b>88,339</b>	<b>91,447</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	906	3,382
Dividend income received	2,624	1,514
Purchase of property, plant and equipment	(140,603)	(81,297)
Proceeds from disposal of property, plant and equipment, net	64,668	875
Proceeds from disposal of assets held for sale, net	-	5,380
<b>Net cash used in investing activities</b>	<b>(72,405)</b>	<b>(70,146)</b>
<b>FINANCING ACTIVITIES</b>		
New secured bank loans	66,859	12,556
Repayment of secured bank loans	(76,599)	(28,323)
Decrease (Increase) in pledged deposits	7,863	(2,366)
Payment of lease liabilities	(2,403)	-
Interest paid on lease liabilities	(703)	-
Dividends paid to shareholders of the Company	(10,926)	(3,278)
<b>Net cash used in financing activities</b>	<b>(15,909)</b>	<b>(21,411)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25</b>	<b>(110)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>33,328</b>	<b>33,438</b>
<b>Cash and cash equivalents at 31 December</b>	<b>33,353</b>	<b>33,328</b>

## NOTES (PRELIMINARY) :

### 1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditor, Grant Thornton Hong Kong Limited. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021, except for the Group has adopted International Financial Reporting Standards (“IFRS”) 16 and Hong Kong Financial Reporting Standards (“HKFRS”) 16 Leases (see details below) and the amended IFRS and HKFRS, which are effective for the annual period beginning on 1 January 2022. The adoption of the amended IFRSs and HKFRSs does not have material impact on the Group’s financial performance and financial position for the current and prior periods have been prepared and presented.

In accordance with IFRS 16 and HKFRS 16 Leases, the Group recognized the right-of-use assets and lease liabilities on the consolidated statement of financial position at the commencement of the lease. The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made in advance of the lease commencement date (net of any lease incentives received). The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to testing for impairment if there is an indicator of impairment, as for owned assets.

### 2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group’s owned and chartered-in vessels. Revenue recognized during the periods / years are as follows:

	<b>3 months ended 31/12/2022 (Unaudited) US\$’000</b>	3 months ended 31/12/2021 (Unaudited) US\$’000	<b>Year ended 31/12/2022 (Unaudited) US\$’000</b>	Year ended 31/12/2021 (Audited) US\$’000
Chartering freight and hire income:				
Hire income under time charters <sup>1</sup>	<b>29,622</b>	42,581	<b>152,466</b>	131,069

Note:

- Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. Hire income included a non-lease component in relation to crewing service of US\$37,914,000 (2021: US\$23,310,000).

### 3. Net gain (loss) on disposal of owned vessels

During the quarter ended 31 December 2022, the Group entered into three agreements to dispose of two Post-Panamaxes of deadweight 93,204 and 93,279 metric tons respectively and one Supramax of deadweight 52,050 metric tons at total consideration of US\$47,800,000 with a net loss of US\$510,000 which was recognized on completion of the disposal of these vessels during the quarter.

During the first quarter of 2022, the Group entered into two agreements to dispose of two Supramaxes of deadweight 53,806 and 50,259 metric tons respectively at total consideration of US\$17,750,000 with a net gain of US\$6,146,000 which was recognized on completion of the disposal of these vessels during the first quarter of 2022.

The total net gain of US\$5,636,000 on disposal of owned vessels was recognized during the year.

### 4. Other operating income

	<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
Net gain on bunker arising from shipping operations	-	1,470	<b>2,352</b>	4,294
Write-back of other payables <sup>1</sup>	<b>5,167</b>	-	<b>5,167</b>	-
Other shipping operating income	<b>779</b>	828	<b>2,648</b>	3,547
Net gain on financial assets at fair value through profit or loss	<b>3,765</b>	-	-	-
Gross rental income from operating leases on investment properties	<b>142</b>	133	<b>559</b>	473
Dividend income	<b>134</b>	222	<b>2,624</b>	1,541
Net gain on disposal of property, plant and equipment, other than motor vessels	-	-	-	278
Reversal of impairment loss on trade and other receivables, net	<b>1,620</b>	1,672	<b>1,620</b>	1,786
Compensation income in relation to loan receivables	-	-	-	438
COVID-19 related government subsidies	-	-	<b>194</b>	-
Sundry income	<b>143</b>	172	<b>255</b>	259
	<b>11,750</b>	4,497	<b>15,419</b>	12,616

Note:

1. Write-back of other payables of US\$5,167,000 upon the termination of business relationship with a crew agent. The settled amount was agreed and finalized by both parties and hence, the Group derecognized the outstanding payable amount thereon during the quarter and year ended 31 December 2022.

## 5. Interest income

	<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
Interest income in respect of:				
Financial assets at fair value through profit or loss	<b>18</b>	41	<b>129</b>	1,089
Deposits with banks and other financial institutions	<b>70</b>	5	<b>120</b>	24
Loan receivables	<b>251</b>	210	<b>815</b>	1,867
	<b>339</b>	256	<b>1,064</b>	2,980

## 6. Reversal of impairment loss (Impairment loss) on owned vessels

In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. However, dry bulk shipping market endured a slump during the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and increase in interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022. This inevitably introduced volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. In view of the significant decrease in market value of dry bulk vessels in the market, the management considered that impairment indication of the Group's fleet existed at end of 2022.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were significantly less than their respective carrying amounts at end of 2022. Those vessels with carrying amount of US\$198,590,000 is estimated based on the value in use using estimated future cash flows projections from the continuous use of such vessels. Key assumptions applied in value in use calculation mainly included discount rate and hire rates earned by each vessel as the value in use is most sensitive to the changes in these two factors. Other assumptions applied in the estimated future cash flows projections included the first five-year period from the continuous use of such vessels and cash flows beyond the five-year period are extrapolated using the zero growth rate.

The hire rates applied in the impairment test on owned vessels were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% (2021: 1%) growth for the first five-year period and cash flows beyond the five-year period are extrapolated using the zero growth rate. The discount rate applied to the value in use calculation on owned vessels was 10.5% (2021: 8.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. Other assumptions included utilization rate which is assumed to be 95% (2021: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2021: 25) years from the date of the initial delivery from the shipyards. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expense.

Remaining certain owned vessels with carrying amount of US\$176,745,000 are determined based on fair value less cost of disposal under market comparison approach and such measurement of these owned vessels was categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. Key assumptions applied in fair value less cost of disposal mainly included quoted transactions of similar vessels which is most sensitive. Other assumptions and estimated cost of disposal of these vessels are based on the Group's historical acquisition and disposal transactions of its fleets.

Accordingly, an impairment loss of US\$49,326,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2022 to reflect our change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of our owned vessels. The impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

In 2021, the Group recognized a reversal of impairment loss of US\$65,521,000 on owned vessels classified in property, plant and equipment at 30 June 2021 and a further reversal of impairment loss of US\$68,085,000 on owned vessels at 31 December 2021 to reflect our change in the expectation on the long term global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use of our owned vessels. The total reversal of impairment loss on owned vessels recognized in 2021 was US\$133,606,000. The reversal of impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

## 7. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	<b>3 months ended 31/12/2022</b>	3 months ended 31/12/2021	<b>Year ended 31/12/2022</b>	Year ended 31/12/2021
	<b>(Unaudited) US\$'000</b>	(Unaudited) US\$'000	<b>(Unaudited) US\$'000</b>	(Audited) US\$'000
Realized loss (gain) on financial assets at fair value through profit or loss	171	(195)	(1,493)	(2,755)
Unrealized loss (gain) on financial assets at fair value through profit or loss	(3,936)	1,662	4,003	5,325
Net loss (gain) on financial assets at fair value through profit or loss	(3,765)	1,467	2,510	2,570
Net loss (gain) on disposal of owned vessels	510	-	(5,636)	-
Change in fair value of investment properties	132	2,176	935	1,334
Net gain on disposal of property, plant and equipment, other than motor vessels	-	-	-	(278)
Impairment loss (Reversal of impairment loss) on owned vessels	49,326	(68,085)	49,326	(133,606)
Reversal of impairment loss on trade and other receivables, net	(1,620)	(1,672)	(1,620)	(1,786)

## 8. Taxation

Taxation has been provided on the estimated assessable profits arising in Hong Kong from a wholly owned subsidiary of the Company which is a qualifying corporation in accordance with the two-tiered profits tax rates regime in Hong Kong. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (approximately US\$256,000) of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK\$2,000,000 (approximately US\$256,000) are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions in which the Group operates.

There was no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company for the periods / years.

The Company has received from the Minister of Finance of Bermuda under The Exempted Undertakings Tax Protection Act 1966, as amended, an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset gain or appreciation or any tax in the nature of estate duty or inheritance tax, the imposition of such tax shall not until 31 March 2035 be applicable to the Company or to any of its operations, or to the shares, debentures or other obligations of the Company.

The amount of taxation charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
Hong Kong Profits Tax	<b>4</b>	(37)	<b>20</b>	190

## 9. Earnings (Loss) per share

	<b>3 months ended 31/12/2022 (Unaudited)</b>	3 months ended 31/12/2021 (Unaudited)	<b>Year ended 31/12/2022 (Unaudited)</b>	Year ended 31/12/2021 (Audited)
Weighted average number of ordinary shares in issue	<b>109,258,943</b>	109,258,943	<b>109,258,943</b>	109,258,943
Net profit (loss) attributable to shareholders of the Company (US\$'000)	<b>(46,751)</b>	84,058	<b>(7,113)</b>	194,197
Basic and diluted earnings (loss) per share	<b>US\$(0.428)</b>	US\$0.769	<b>US\$(0.065)</b>	US\$1.777

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there was no potentially dilutive ordinary shares in existence for the relevant periods / years presented.

## 10. Dividends

	<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
2021 interim dividend of US\$0.03 per share	-	-	-	3,278
2021 final dividend of US\$0.07 per share	-	7,648	-	7,648
2022 interim dividend of US\$0.03 per share	-	-	<b>3,278</b>	-
2022 final dividend, proposed of US\$0.04 per share	<b>4,370</b>	-	<b>4,370</b>	-
	<b>4,370</b>	7,648	<b>7,648</b>	10,926

The final dividend for the year 2021 was approved by the Company's shareholders on the annual general meeting held on 20 May 2022. Such dividend was paid to the shareholders of the Company on 14 June 2022.

On 24 August 2022, the Board has resolved to declare the payment of an interim dividend of US\$0.03 per share for the quarter ended 30 June 2022 and such dividend was paid to the beneficial owners of the shares of the Company on 20 September 2022.

The proposed final dividend for the year 2022 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting scheduled on 24 May 2023.

## 11. Leases

### (i) Right-of-use assets

	<b>31/12/2022</b>	31/12/2021
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
At 1 January	-	-
Additions	<b>43,598</b>	-
Lease remeasurement	<b>(11,858)</b>	-
Depreciation	<b>(2,743)</b>	-
	<b>28,997</b>	-

### (ii) Lease liabilities

	<b>31/12/2022</b>	31/12/2021
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
At 1 January	-	-
Additions	<b>43,598</b>	-
Lease remeasurement	<b>(11,858)</b>	-
Interest expense (included in finance costs)	<b>703</b>	-
Repayments of lease liabilities	<b>(3,106)</b>	-
	<b>29,337</b>	-
At 31 December 2022, the lease liabilities were repayable as follows:		
Within one year	<b>4,173</b>	-
After one year but within two years	<b>4,371</b>	-
After two years but within five years	<b>14,276</b>	-
After five years	<b>6,517</b>	-
	<b>25,164</b>	-
	<b>29,337</b>	-



On 20 May 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tons, built in year 2022 for a term of seven years commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in June 2022. In accordance with IFRS 16 and HKFRS 16 Leases, the Group recognized the unaudited value of the right-of-use asset which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized.

During the year, the total cash outflow for the lease was US\$3,106,000 (2021: nil).

## 12. Investment properties

	<b>31/12/2022</b> <b>(Unaudited)</b> <i>US\$'000</i>	31/12/2021 (Audited) <i>US\$'000</i>
At 1 January	<b>28,145</b>	29,479
Change in fair value	<b>(935)</b>	(1,334)
	<b>27,210</b>	28,145

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases.

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use. The fair value measurement of these investment properties was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

### 13. Financial assets at fair value through OCI

	<b>31/12/2022</b>	31/12/2021
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
Unlisted equity investments		
Co-investment in a property project		
At 1 January	<b>12,257</b>	10,373
Change in fair value <sup>1</sup>	<b>(2,861)</b>	1,884
	<b>9,396</b>	12,257
Unlisted club membership		
At 1 January	<b>482</b>	370
Change in fair value <sup>2</sup>	<b>(38)</b>	112
	<b>444</b>	482
	<b>9,840</b>	12,739

#### Notes:

1. Items that will not be reclassified to profit or loss.
2. Items that may be reclassified subsequently to profit or loss.
3. In March 2021, a wholly owned subsidiary of the Company (the "Co-Investor") together with other co-investors signed an unsecured subordinated shareholder loan agreement with Triple Smart Limited, a special purpose vehicle invested by Dual Bliss Limited ("Dual Bliss"), for the purposes of funding the operating expenditure of Tower A and the Co-Investor agreed to provide a maximum amount of advance up to US\$1,577,000. At the reporting date, advance of US\$1,342,000 (2021: US\$568,000) was drawdown and the amount was included in loan receivables.

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (2021: US\$372,000).

There is no quoted market price in active market for unlisted equity investments. Transactions in such investments do not occur on a regular basis. The Group uses its net asset value (representing the fair value of the equity instruments reported by Phoenix Property Investors Limited, the Investment Manager) to determine its fair value as the Group determined that this is the fair price at which shareholders subscribe and redeem the investments or determined its fair value with generally accepted pricing models. The fair value measurement of unlisted equity investments was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

Unlisted club membership stated at fair value represented investment in club membership which their fair values can be determined directly by reference to published price quotations in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

#### 14. Loan receivables

	<b>31/12/2022</b>	31/12/2021
	<b>(Unaudited)</b>	(Audited)
	<b>US\$'000</b>	US\$'000
At 1 January	<b>9,236</b>	33,358
Gross new loan originated	<b>774</b>	568
Repayment	<b>(8,668)</b>	(24,690)
Provision of individual impairment	<b>-</b>	-
Loan receivables, net of provision	<b>1,342</b>	9,236
Less: Amount receivable within one year	<b>(1,342)</b>	(5,538)
Amount receivable after one year	<b>-</b>	3,698

At the reporting date, the Group's loan receivables of US\$1,342,000 (2021: US\$568,000) which arise from co-investment (as mentioned in note 13), are unsecured and denominated in United States Dollars and has no fixed repayment terms. Whereas, the loan receivables that arise from asset-based financing which are denominated in United States Dollars and secured by collaterals provided by the borrowers, and are repayable with fixed terms agreed with the borrowers, were early repaid in full by the borrowers during the year and such repayments led to a decrease in loan receivables. At the reporting date, no loan receivables arise from asset-based financing (2021: US\$8,668,000) was recorded.

At the reporting date, the loan receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness and the collection statistics, and are not considered as impaired. The carrying amount of the loan receivables is considered to be a reasonable approximation of its fair value.

## 15. Financial assets at fair value through profit or loss

	31/12/2022 (Unaudited) US\$'000	31/12/2021 (Audited) US\$'000
<i>Held for trading</i>		
Listed equity securities	26,812	40,193
Listed debt securities	1,051	2,886
Unlisted debt securities	288	-
	<b>28,151</b>	43,079
<i>Designated as such upon initial recognition</i>		
Investment funds	1,076	308
	<b>29,227</b>	43,387

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 and the fair value measurements of unlisted debt securities and investment funds represented the quoted market prices on the underlying investments provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

## 16. Secured bank loans

The maturity of secured bank loans at the reporting date is as follows:

	31/12/2022 (Unaudited) US\$'000	31/12/2021 (Audited) US\$'000
Within one year	34,278	52,635
In the second year	15,406	21,167
In the third to fifth year	33,154	18,776
Total secured bank loans	<b>82,838</b>	92,578
Less: Amount repayable within one year	<b>(34,278)</b>	(52,635)
Amount repayable after one year	<b>48,560</b>	39,943

During the year, the Group had drawn new secured bank loans of US\$66,859,000 (2021: US\$12,556,000) and repaid US\$76,599,000 (2021: US\$28,323,000).

## 17. Capital expenditures and commitments

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$140,482,000 (2021: US\$81,231,000) and on other property, plant and equipment was US\$121,000 (2021: US\$66,000).

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (2021: US\$372,000).

In December 2021, the Group entered into two agreements in respect of the acquisition of two Supramaxes each at a consideration of US\$17,250,000 and the total consideration of the two vessels is US\$34,500,000. The first vessel is deadweight 56,361 metric tons and the second vessel is deadweight 56,469 metric tons. Both vessels were delivered to the Group during the first quarter of 2022. As at 31 December 2021, the capital expenditure commitments contracted by the Group but not provided for was US\$34,500,000.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (2021: US\$34,872,000).

Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

## 18. Related party transactions

During the periods / years, the Group had related party transactions in relation to compensation of key management personnel as follows:

	<b>3 months ended 31/12/2022 (Unaudited) US\$'000</b>	3 months ended 31/12/2021 (Unaudited) US\$'000	<b>Year ended 31/12/2022 (Unaudited) US\$'000</b>	Year ended 31/12/2021 (Audited) US\$'000
Salaries and other benefits	3,154	3,133	8,994	8,968
Contributions to retirement benefits schemes	111	111	444	443
	<b>3,265</b>	3,244	<b>9,438</b>	9,411



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