Fourth Quarter Report for the Quarter Ended 31 December 2023 and Preliminary Annual Results for the Year Ended 31 December 2023

JINHUI SHIPPING
AND TRANSPORTATION LIMITED

HIGHLIGHTS

For the Year Ended 31 December 2023

- Revenue for the year: US$82 million
- Net loss for the year: US$55 million included non-cash impairment loss on the Group's fleet of US$20 million
- Basic loss per share: US$0.504
- Gearing ratio as at 31 December 2023: 7%

For the Fourth Quarter of 2023

- Revenue for the quarter: US$25 million
- Net loss for the quarter: US$28 million included non-cash impairment loss on the Group's fleet of US$20 million
- Basic loss per share: US$0.254

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 2023.

FOURTH QUARTER AND ANNUAL RESULTS

The Group reported a revenue for the fourth quarter of 2023 of US$24,603,000, representing a decrease of 17% as compared to US$29,622,000 for the same quarter in 2022. The consolidated net loss for the quarter was US$27,715,000 which included a net impairment loss of US$14,011,000 on owned vessels and an impairment loss of US$5,693,000 on right-of-use assets as compared to a consolidated net loss of US$46,751,000 which included a net impairment loss of US$49,326,000 on owned vessels was reported in the fourth quarter of 2022. The consolidated net loss for the quarter was mainly attributable to the decline in freight rates as compared with the same quarter in 2022. Basic loss per share was US$0.254 for the fourth quarter of 2023 as compared to basic loss per share of US$0.428 for the corresponding quarter in 2022.

Revenue for the year 2023 decreased 46% to US$81,868,000, comparing to US$152,466,000 for the year 2022. The Company recorded a consolidated net loss of US$55,055,000 for the year 2023, which included a net impairment loss of US$14,011,000 on owned vessels and an impairment loss of US$5,693,000 on right-of-use assets while a consolidated net loss of US$7,113,000 which included an impairment loss of US$49,326,000 on owned vessels, was reported in 2022. Basic loss per share for the year was US$0.504 as compared to basic loss per share of US$0.065 for the year 2022.

Dry bulk shipping market faced challenges in 2023. The market freight rates were weak in most of 2023 due to the lacklustre demand for dry bulk commodities amid an increasingly challenging macroeconomic backdrop. The market sentiment gradually changed in the fourth quarter of 2023, with the market freight rates inching upwards driven by increasing demand for dry bulk commodities. The average daily time charter equivalent rate decreased from US$18,813 for the year 2022 to US$9,063 for the year 2023. The consolidated net loss for the year was primarily due to the depressed freight rates upon the weak dry bulk shipping market sentiment in most of 2023 as compared to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide in 2022. The consolidated net loss for the year was also attributable to the recognition of impairment loss on assets held for sale (disposed vessel) of US$1,288,000 in 2023.

Under the prevailing dry bulk shipping market condition, the Group performed an impairment loss review on the Group's fleet at end of 2023 to reflect our change in the expectation of the global economic and the dry bulk shipping industry outlook. The assumptions applied in estimation of the value in use of our owned vessels and right-of-use assets were therefore adjusted accordingly. At 31 December 2023, a net impairment loss of US$14,011,000 on owned vessels and an impairment loss of US$5,693,000 on right-of-use assets were recognized while an impairment loss of US$49,326,000 on owned vessels was recognized at 31 December 2022. The impairment loss on owned vessels and right-of-use assets are non-cash in nature and do not have impact on the operating cash flows of the Group.

In order to remain competitive in the market, the Group continues to seek to fine tune the quality of our fleet, in particularly in terms of seeking to lower the overall age profile of our fleet. During the year, the Group entered into an agreement to acquire one Supramax which was delivered to the Group at end of October 2023. The Group also entered into agreements to dispose of three Supramaxes and two of which were delivered to their respective purchasers in the year. In addition, the Group entered into a charterparty with a third party in December 2023 in respect of leasing of a Panamax for a term of minimum twenty-two months, commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in January 2024. 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 of smaller and older vessels and replace with newer vessels with larger carrying capacity and longer asset lives or charter-in of vessels. We will make such decisions on an ad hoc basis to maintain a high financial flexibility and operational competitiveness. As at 31 December 2023, the Group had twenty three grabs fitted Supramaxes and one chartered-in Panamax.

DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2023. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2023.

REVIEW OF OPERATIONS

Fourth Quarter of 2023. Market freight rates in dry bulk shipping market improved during the fourth quarter of 2023 supported by the increased demand for the dry bulk commodities, in particular coal, steel, iron ore and other agricultural commodities across different regions. During the quarter, Baltic Dry Index ("BDI") opened at 1,701 points at the beginning of October and rose gradually to the peak of the quarter at 3,346 points in early December, and closed at 2,094 points by the end of December 2023. The average of BDI of the fourth quarter of 2023 was 2,033 points, which compares to 1,523 points in the same quarter in 2022.

Fourth Quarter 2023 Statement of Profit or Loss

Revenue for the fourth quarter of 2023 was US$24,603,000 representing a decrease of 17% as compared to US$29,622,000 for the same quarter in 2022 due to the decline in freight rates as compared with the same quarter in 2022. The average daily time charter equivalent rates ("TCE") earned by the Group's fleet decreased 17% to US$10,642 for the fourth quarter of 2023 as compared to US$12,879 for the corresponding quarter in 2022.

Average daily TCE of the Group's fleet	**2023 Q4 *US$***	2022 Q4 *US$*	**2023 *US$***	2022 *US$*
Post-Panamax / Panamax fleet	**19,472**	16,168	**13,126**	20,180
Supramax fleet	**10,276**	12,591	**8,892**	18,681
In average	**10,642**	12,879	**9,063**	18,813

The Group entered into two agreements in September and November 2023 respectively to dispose of two Supramaxes of deadweight 52,686 and 52,525 metric tons at total consideration of US$17,730,000, with total net loss of US$880,000 being recognized on completion of the disposal of these vessels during the quarter. As compared to 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 total net loss of US$510,000 being recognized on completion of the disposal of these vessels for the last corresponding quarter.

Other operating income decreased from US$11,750,000 for the fourth quarter of 2022 to US$3,074,000 for the current quarter mainly due to the Group recording a net gain of US$3,765,000 on financial assets at fair value through profit or loss for the fourth quarter of 2022 as compared to a net gain of US$239,000 on financial assets at fair value through profit or loss for the current quarter. During the fourth quarter of 2022, the Group also recognized a write-back of other payables of US$5,167,000 upon the termination of business relationship with a crew agent.

Shipping related expenses mainly comprised of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' expenses. Shipping related expenses decreased from US$19,722,000 for the fourth quarter of 2022 to US$16,481,000 for the current quarter, mainly attributable to a net loss of US$2,491,000 on bunker arising from shipping operations was recognized for the fourth quarter of 2022 as compared to a net loss of US$431,000 on bunker arising from shipping operations was recognized for the current quarter. The decrease was also attributable to the drop in crew cost and continue reduction in pandemic related manning expenses as a result of lifting Covid related restrictions. The Group's daily vessel running cost increased to US$6,214 for the fourth quarter of 2023 as compared to US$5,920 for the fourth quarter of 2022 mainly due to the increment in consumable stores and spare parts incurred by the owned vessels during the quarter. 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 increased from US$1,416,000 for the fourth quarter of 2022 to US$2,400,000 for the current quarter mainly due to the Group recording a fair value loss of US$1,601,000 on investment properties for the current quarter while US$132,000 was recorded for the corresponding quarter in 2022.

Depreciation and amortization decreased from US$11,244,000 for the fourth quarter of 2022 to US$9,794,000 for the fourth quarter of 2023. The Group's daily vessel depreciation decreased to US$3,368 for the current quarter as compared to US$4,314 for the corresponding quarter in 2022. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduction in carrying amounts of owned vessels after the recognition of impairment loss on owned vessels by end of 2022. Depreciation and amortization for the current quarter also included the recognition of depreciation on right-of-use assets of US$2,079,000 as compared to US$1,063,000 for the corresponding quarter in 2022. The right-of-use assets have been recognized by the Group since June 2022 as the Group entered into a charterparty with a third party in respect of leasing of a Panamax for a term of seven years commencing on the date of delivery of the vessel to the Group. In accordance with IFRS 16 and HKFRS 16 Leases, the Group recognized the right-of-use assets 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.

Finance costs increased from US$1,484,000 for the fourth quarter of 2022 to US$2,023,000 for the fourth quarter of 2023. The increase was mainly attributable to the rising interest rate as compared with that of the corresponding quarter in 2022. Finance costs for the current quarter also included the interest expenses on lease liabilities of US$553,000 as compared to US$300,000 for the corresponding quarter in 2022.

Year 2023. Market freight rates in dry bulk shipping market were weak for most of 2023 due to a number of factors: (i) slowing global economic growth; (ii) easing of port congestions that led to release of tonnage capacity; (iii) poor sentiment due to higher inflation and interest rates; and (iv) unresolved multiple geo-political issues. However, the freight rates moved upwards in the fourth quarter of 2023, particularly in December of 2023, due to the increase in demand for the dry bulk commodities across different regions. BDI opened at 1,515 points in January, then continued to decline and hit to the lowest of the year at 530 points at mid of February. Thereafter, BDI rose gradually and reached the peak of the year at 3,346 points in early December, and closed at 2,094 points by the end of December 2023. The average of BDI for the year 2023 was 1,378 points, which compares to 1,934 points in 2022.

2023 Statement of Profit or Loss

Revenue for the year 2023 decreased 46% to US$81,868,000, comparing to US$152,466,000 for the year 2022 due to the market freight rates were weak in most of 2023 amid the volatile macroeconomic environment as compared to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities worldwide in 2022. The average daily TCE earned by the Group’s fleet decreased 52% to US$9,063 for the year 2023 as compared to US$18,813 for the year 2022. The Company recorded a consolidated net loss of US$55,055,000 for the year 2023, which included a net impairment loss of US$14,011,000 on owned vessels and an impairment loss of US$5,693,000 on right-of-use assets, as compared to the consolidated net loss of US$7,113,000 which included an impairment loss of US$49,326,000 on owned vessels for the year 2022. Basic loss per share for the year was US$0.504 as compared to basic loss per share of US$0.065 for the year 2022.

The Group entered into two agreements in September and November 2023 respectively to dispose of two Supramaxes of deadweight 52,686 and 52,525 metric tons at total consideration of US$17,730,000, with total net loss of US$880,000 being recognized on completion of the disposal of these vessels during the year. As compared to the year of 2022, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000, with total net gain of US$5,636,000 being recognized on completion of the disposal of these vessels in 2022.

Other operating income decreased from US$15,419,000 for the year 2022 to US$7,643,000 for the current year. The decrease was mainly due to a net gain of US$2,352,000 on bunker arising from shipping operations was recognized for the year 2022 whereas a net loss of US$1,250,000 on bunker arising from shipping operations was recognized for the current year and was included in shipping related expenses. During the year 2022, the Group also recognized a write-back of other payables of US$5,167,000 upon the termination of business relationship with a crew agent.

Dry bulk shipping market was sluggish due to the volatile macroeconomic and financial environment. The market freight rates were weak in most of 2023. This inevitably introduced volatility to the Group's business performance, as well as the carrying value of the Group's shipping assets. In view of the 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 2023.

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 less than their respective carrying amounts at end of 2023. Accordingly, a net impairment loss of US$14,011,000 (2022: US$49,326,000) on owned vessels classified in property, plant and equipment was recognized at 31 December 2023 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels. The Group also performed an impairment review on the recoverable amounts of the right-of-use assets based on the value-in-use approach using discounted cash flow method by comparing the carrying value and the recoverable amounts of the right-of-use assets. Accordingly, an impairment loss of US$5,693,000 (2022: nil) was recognized and allocated to right-of-use assets for the year ended 31 December 2023. The impairment loss on owned vessels and right-of-use assets are non-cash in nature and do not have impact on the operating cash flows of the Group.

Shipping related expenses decreased from US$66,793,000 for the year 2022 to US$58,490,000 for the current year mainly attributable to the decline in vessel running cost, in particular the drop in crew cost and continue reduction in pandemic related manning expenses as a result of lifting Covid related restrictions. The Group's daily vessel running cost decreased to US$5,569 for the year 2023 as compared to US$5,656 for the year 2022. 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 increased from US$8,583,000 for the year 2022 to US$9,748,000 for the current year mainly due to the Group recording a fair value loss of US$2,334,000 on investment properties for the current year while a fair value loss of US$935,000 on investment properties was recorded for the year 2022. Other operating expenses for the year also included an impairment loss of US$1,288,000 on assets held for sale (disposed vessel). In contrast, the Group recognized a net loss of US$827,000 on financial assets at fair value through profit or loss for the current year while a net loss of US$2,510,000 on financial assets at fair value through profit or loss was recognized for the year 2022.

Depreciation and amortization decreased from US$39,870,000 for the year 2022 to US$36,994,000 for the year 2023. The Group's daily vessel depreciation decreased to US$3,486 for the year 2023 as compared to US$4,074 for the year 2022. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduction in carrying amounts of owned vessels after the recognition of impairment loss on owned vessels by end of 2022. Depreciation and amortization for the current year also included the recognition of depreciation on right-of-use assets of US$5,466,000 as compared to US$2,743,000 for the year 2022.

Finance costs increased from US$3,438,000 for the year 2022 to US$6,234,000 for the year 2023. The increase was mainly attributable to the rising interest rate as compared with that of the year 2022. Finance costs for the current year also included the interest expenses on lease liabilities of US$1,424,000 as compared to US$703,000 for the year 2022.

2023 Statement of Cash Flows and Statement of Financial Position as at 31 December 2023

During the year, cash generated from operations before changes in working capital was US$9,117,000 (2022: US$75,567,000) and the net cash generated from operating activities after working capital changes was US$15,944,000 (2022: US$88,339,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities. During the year, the Group's net loss on financial assets at fair value through profit or loss was US$827,000 (2022: US$2,510,000), comprised of a realized gain of US$701,000 (2022: US$1,493,000) upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of US$1,528,000 (2022: US$4,003,000) 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$1,990,000 (2022: US$3,688,000).

During the year, the Group had drawn new secured bank loans of US$57,696,000 (2022: US$66,859,000) and repaid US$52,367,000 (2022: US$76,599,000). The Group's total secured bank loans increased from US$82,838,000 as at 31 December 2022 to US$88,167,000 as at 31 December 2023, of which 37% and 63% are repayable respectively within one year and in the second year. 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.

As at 31 December 2023, the Group maintained positive working capital position of US$40,643,000 (2022: US$34,153,000) and the total of the Group's equity and debt securities, bank balances and cash increased to US$62,613,000 (2022: US$61,504,000).

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was US$24,220,000 (2022: US$140,482,000) and on other property, plant and equipment was US$113,000 (2022: US$121,000).

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 "Co-investment"), 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. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2022: US$372,000).

Phoenix Property Investors Limited (the Investment Manager) reported a loss of US$2,137,000 on the Co-investment for the year ended 31 December 2023. As a loss of US$8,142,000 on the Co-investment for the first nine months of 2023 was reported, a gain of US$6,005,000 on the Co-investment for the fourth quarter of 2023 was reported by the Investment Manager, mainly due to the valuation gain of investment properties. The reported loss on the Co-investment was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the condensed consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the carrying amount of the unlisted equity investments, co-investment in a property project, was US$7,259,000 (2022: US$9,396,000) whereas the loan receivable arise from Co-investment, together with the interest accrued thereon was US$2,138,000 (2022: US$1,593,000). The Group will closely monitor the performance of the Co-investment and will assess impairment allowances where appropriate.

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2022: US$372,000).

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

In order to remain competitive in the market, the Group continues to seek to fine tune the quality of our fleet, in particularly in terms of seeking to lower the overall age profile of our fleet. During the year, the Group entered into agreements to acquire, dispose and charter-in vessels with a view to maintaining high financial flexibility and operational competitiveness.

On 20 September 2023, the Group entered into an agreement for the disposal of a Supramax at a consideration of US$8,080,000. The vessel was delivered to the purchaser in mid-November 2023.

On 27 September 2023, the Group entered into an agreement for the acquisition of a Supramax at a purchase price of US$20,433,000. The vessel was delivered to the Group at end of October 2023.

On 29 November 2023, the Group entered into an agreement for the disposal of a Supramax at a consideration of US$9,650,000. The vessel was delivered to the purchaser at end of December 2023.

On 8 December 2023, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 81,842 metric tons, built in year 2021, for a term of minimum twenty-two months, commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in January 2024. In accordance with IFRS 16 and HKFRS 16 Leases, the Group will recognize the unaudited value of the right-of-use asset which is the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities will also be recognized in the consolidated statement of financial position upon the delivery of the vessel. The Directors consider that the lease of a Panamax represents an opportunity for the Group to increase the carrying capacity with a modern ship 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.

On 12 December 2023, the Group entered into an agreement for the disposal of a Supramax at a consideration of US$10,430,000. The vessel was delivered to the purchaser in January 2024. For financial reporting purposes, the vessel was reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" at the reporting date, with an impairment loss on assets held for sale (disposed vessel) of US$1,288,000 was recognized in 2023 and was included in other operating expenses for the year.

Subsequent to the reporting date, the Group entered into an agreement on 2 February 2024 for the acquisition of a Capesize at a purchase price of US$30,950,000. The vessel will be delivered to the Group between 1 July 2024 and 15 September 2024. In addition, the Group entered into an agreement on 21 February 2024 for the acquisition of a Panamax at a purchase price of US$31,122,450. The vessel will be delivered to the Group between 1 April 2024 and 15 June 2024.

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 of smaller and older vessels and replace with newer vessels with larger carrying capacity and longer asset lives or charter-in of vessels. We will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

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, was 7% (2022: 5%) as at 31 December 2023. 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 2023, the Group is able to service its debt obligations, including principal and interest payments.

FLEET

As at 31 December 2023, the Group had twenty three owned vessels and one chartered-in vessel as follows:

	Number of vessels		
	Owned	Chartered-in	Total
Panamax fleet	-	1	1
Supramax fleet	23	-	23
Total fleet	**23**	**1**	**24**

On 20 September 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,686 metric tons, built in year 2004, at a consideration of US$8,080,000. The vessel was delivered to the purchaser in mid-November 2023.

On 27 September 2023, the Group entered into an agreement for the acquisition of a Supramax of deadweight 63,435 metric tons, built in year 2014, at a purchase price of US$20,433,000. The vessel was delivered to the Group at end of October 2023.

On 29 November 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,525 metric tons, built in year 2006, at a consideration of US$9,650,000. The vessel was delivered to the purchaser at end of December 2023.

On 12 December 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,050 metric tons, built in year 2006, at a consideration of US$10,430,000. The vessel was delivered to the purchaser in January 2024. For financial reporting purposes, the vessel was reclassified to “Assets held for sale” in accordance with IFRS 5 and HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” at the reporting date.

On 8 December 2023, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 81,842 metric tons, built in year 2021, for a term of minimum twenty-two months, commencing on the date of delivery of the vessel to the Group. The vessel was delivered to the Group in January 2024. In accordance with IFRS 16 and HKFRS 16 Leases, the Group will recognize the unaudited value of the right-of-use asset which is the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities will also be recognized in the consolidated statement of financial position upon the delivery of the vessel.

Subsequent to the reporting date, the Group entered into an agreement on 2 February 2024 for the acquisition of a Capesize of deadweight 181,279 metric tons, built in year 2012, at a purchase price of US$30,950,000. The vessel will be delivered to the Group between 1 July 2024 and 15 September 2024. In addition, the Group entered into an agreement on 21 February 2024 for the acquisition of a Panamax of deadweight 81,567 metric tons, built in year 2019, at a purchase price of US$31,122,450. The vessel will be delivered to the Group between 1 April 2024 and 15 June 2024.

As at 31 December 2023, the carrying amount of the motor vessels and capitalized drydocking costs was US$324,947,000 (2022: US$375,335,000).

The Group has recognized the right-of-use assets since June 2022 as the Group entered into a charterparty with a third party in respect of leasing of a Panamax for a term of seven years commencing on the date of delivery of the vessel to the Group. As at 31 December 2023, the carrying amounts of the right-of-use assets and the lease liabilities were US$21,095,000 (2022: US$28,997,000) and US$29,139,000 (2022: US$29,337,000) respectively.

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

2023 has been a rocky year, with slowing global growth and inflationary pressure which led to a tight monetary environment. Going forward, we expect the global economic growth to regain stability and gain momentum. We expect freight rates of dry bulk shipping to improve subject to the absence of black swan events in the economic and geopolitical front. We have seen some improvement in the last quarter of 2023, with increasing activities in recent months.

Transportation of commodities continues to be affected by complex variables that range from industry specific, economical, as well as geopolitically driven factors. Supply and demand remain to be balanced, with the supply of new vessels remaining low providing a solid base case scenario. With cost of borrowing remaining high and no consensus in the shipping community with regards to the next generation engine design to satisfy new regulations, new vessel orders are expected to be few. Looking ahead, should economic recovery gain pace at a rate that is beyond market expectations, our fleet will be well positioned to benefit from these supportive industry specific fundamentals. We also continue to look for fleet renewal opportunities that will meet the needs of the market and our customers.

We continue to stay 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. We currently have no newbuilding contracts, and likely to focus on suitable second hand tonnages opportunities. We will continue to focus on taking sensible and decisive actions to achieve growth without sacrificing the maintenance of 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 and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

27 February 2024

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

	Note	**3 months ended 31/12/2023 (Unaudited) *US$'000***	3 months ended 31/12/2022 (Unaudited) *US$'000*	**Year ended 31/12/2023 (Unaudited) *US$'000***	Year ended 31/12/2022 (Audited) *US$'000*
Revenue	2	**24,603**	29,622	**81,868**	152,466
Net gain (loss) on disposal of owned vessels	3	**(880)**	(510)	**(880)**	5,636
Other operating income	4	**3,074**	11,750	**7,643**	15,419
Interest income	5	**212**	339	**819**	1,064
Impairment loss on owned vessels and right-of-use assets	6	**(19,704)**	(49,326)	**(19,704)**	(49,326)
Shipping related expenses		**(16,481)**	(19,722)	**(58,490)**	(66,793)
Staff costs		**(4,323)**	(4,756)	**(13,336)**	(13,668)
Other operating expenses		**(2,400)**	(1,416)	**(9,748)**	(8,583)
Operating profit (loss) before depreciation and amortization		**(15,899)**	(34,019)	**(11,828)**	36,215
Depreciation and amortization		**(9,794)**	(11,244)	**(36,994)**	(39,870)
Operating loss		**(25,693)**	(45,263)	**(48,822)**	(3,655)
Finance costs		**(2,023)**	(1,484)	**(6,234)**	(3,438)
Loss before taxation		**(27,716)**	(46,747)	**(55,056)**	(7,093)
Taxation	8	**1**	(4)	**1**	(20)
Net loss for the period / year		**(27,715)**	(46,751)	**(55,055)**	(7,113)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss:					
Change in fair value of financial assets at fair value through OCI (non-recycling)		**6,005**	1,339	**(2,137)**	(2,861)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties (non-recycling)		**-**	-	**367**	-
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of financial assets at fair value through OCI (recycling)		**(12)**	(38)	**(12)**	(38)
Total comprehensive loss for the period / year attributable to shareholders of the Company		**(21,722)**	(45,450)	**(56,837)**	(10,012)
Loss per share	9				
- Basic and diluted		**US$(0.254)**	US$(0.428)	**US$(0.504)**	US$(0.065)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	**31/12/2023 (Unaudited)** *US$'000*	31/12/2022 (Audited) *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**333,413**	384,661
Right-of-use assets	*11(a)*	**21,095**	28,997
Investment properties	*12*	**25,259**	27,210
Financial assets at fair value through OCI	*13*	**7,691**	9,840
Loan receivables	*14*	**1,577**	-
		389,035	450,708
Current assets			
Inventories		**1,383**	2,993
Loan receivables	*14*	**-**	1,342
Trade and other receivables		**18,089**	20,245
Financial assets at fair value through profit or loss	*15*	**24,094**	29,227
Pledged deposits		**359**	444
Bank balances and cash		**40,250**	33,353
		84,175	87,604
Assets held for sale		**10,423**	-
		94,598	87,604
Total assets		**483,633**	538,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PRELIMINARY)

	Note	**31/12/2023 (Unaudited)** *US$'000*	31/12/2022 (Audited) *US$'000*
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**5,463**	5,463
Reserves		**344,467**	405,674
Total equity		**349,930**	411,137
Non-current liabilities			
Secured bank loans	*17*	**55,670**	48,560
Lease liabilities	*11(b)*	**24,078**	25,164
		79,748	73,724
Current liabilities			
Trade and other payables		**16,221**	14,833
Amount due to holding company		**176**	167
Secured bank loans	*17*	**32,497**	34,278
Lease liabilities	*11(b)*	**5,061**	4,173
		53,955	53,451
Total equity and liabilities		**483,633**	538,312

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRELIMINARY)

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

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Revaluation reserve	Reserve for financial assets at fair value through OCI	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2023	5,463	95,585	719	16,297	476	(145)	292,742	411,137
Comprehensive loss								
Net loss for the year	-	-	-	-	-	-	(55,055)	(55,055)
Other comprehensive income (loss)								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(2,149)	-	(2,149)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	-	-	-	-	367	-	-	367
Total comprehensive loss for the year	-	-	-	-	367	(2,149)	(55,055)	(56,837)
2022 final dividend paid	-	-	-	-	-	-	(4,370)	(4,370)
At 31 December 2023	**5,463**	**95,585**	**719**	**16,297**	**843**	**(2,294)**	**233,317**	**349,930**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (PRELIMINARY)

	Year ended 31/12/2023 **(Unaudited)** ***US$'000***	Year ended 31/12/2022 (Audited) *US$'000*
OPERATING ACTIVITIES		
Cash generated from operations before changes in working capital	**9,117**	75,567
Decrease in working capital	**11,494**	15,682
Cash generated from operations	**20,611**	91,249
Interest paid	**(4,817)**	(2,690)
Hong Kong Profits Tax refunded (paid)	**150**	(220)
Net cash from operating activities	**15,944**	88,339
INVESTING ACTIVITIES		
Interest received	**518**	906
Dividend income received	**1,171**	2,624
Purchase of property, plant and equipment	**(24,333)**	(140,603)
Proceeds from disposal of property, plant and equipment, net	**17,432**	64,668
Net cash used in investing activities	**(5,212)**	(72,405)
FINANCING ACTIVITIES		
New secured bank loans	**57,696**	66,859
Repayment of secured bank loans	**(52,367)**	(76,599)
Decrease in pledged deposits	**85**	7,863
Payment of lease liabilities	**(3,455)**	(2,403)
Interest paid on lease liabilities	**(1,424)**	(703)
Dividends paid to shareholders of the Company	**(4,370)**	(10,926)
Net cash used in financing activities	**(3,835)**	(15,909)
Net increase in cash and cash equivalents	**6,897**	25
Cash and cash equivalents at 1 January	**33,353**	33,328
Cash and cash equivalents at 31 December	**40,250**	33,353

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 2022, except for the Group has adopted the amended International Financial Reporting Standards (“IFRS”) and Hong Kong Financial Reporting Standards (“HKFRS”), which are effective for the annual period beginning on 1 January 2023. 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.

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:

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Chartering freight and hire income:				
Hire income under time charters[1]	**24,603**	29,622	**81,868**	152,466

Note:

1. 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. During the year, hire income included a non-lease component in relation to crewing service of US$30,463,000 (2022: US$37,914,000).

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

The Group entered into two agreements in September and November 2023 respectively to dispose of two Supramaxes of deadweight 52,686 and 52,525 metric tons at total consideration of US$17,730,000, with total net loss of US$880,000 being recognized on completion of the disposal of these vessels during the quarter and year ended 31 December 2023.

During the year of 2022, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000, with total net gain of US$5,636,000 being recognized on completion of the disposal of these vessels in 2022.

4. Other operating income

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Net gain on bunker arising from shipping operations	**-**	-	**-**	2,352
Write-back of other payables	**-**	5,167	**-**	5,167
Other shipping operating income	**1,221**	779	**4,350**	2,648
Reversal of impairment loss on trade and other receivables, net	**1,274**	1,620	**1,274**	1,620
Dividend income	**114**	134	**1,171**	2,624
Gross rental income from operating leases on investment properties	**142**	142	**569**	559
Net gain on financial assets at fair value through profit or loss	**239**	3,765	**-**	-
COVID-19 related government subsidies	**-**	-	**-**	194
Sundry income	**84**	143	**279**	255
	3,074	11,750	**7,643**	15,419

5. Interest income

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Interest income in respect of:				
Deposits with banks and other financial institutions	**122**	70	**470**	120
Loan receivables	**81**	251	**310**	815
Financial assets at fair value through profit or loss	**9**	18	**39**	129
	212	339	**819**	1,064

6. Impairment loss on owned vessels and right-of-use assets

Dry bulk shipping market was sluggish due to the volatile macroeconomic and financial environment. The market freight rates were weak in most of 2023. This inevitably introduced volatility to the Group's business performance, as well as the carrying value of the Group's shipping assets. In view of the 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 2023.

(a) Impairment loss on owned vessels, net

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 less than their respective carrying amounts at end of 2023. Those vessels with carrying amount of US$139,954,000 is estimated based on the value in use under discounted cash flow method, 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% (2022: 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% (2022: 10.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Other assumptions included utilization rate which is assumed to be 95% (2022: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2022: 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.

Certain owned vessels with carrying amount of US$27,225,000 are determined based on fair value less cost of disposal. The fair value less cost of disposal is based on valuation performed by independent valuer and the valuation is 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 recent transactions of similar vessels. Other assumptions included estimated cost of disposal of these vessels which are based on the Group's historical acquisition and disposal transactions of its fleets.

Accordingly, a net impairment loss of US$14,011,000 (2022: US$49,326,000) on owned vessels classified in property, plant and equipment was recognized at 31 December 2023 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels.

(b) Impairment loss on right-of-use assets

With reference to the impairment test performed, the Group carried out a review of the recoverable amounts of the right-of-use assets based on the value-in-use approach using discounted cash flow method by comparing the carrying value and the recoverable amounts of the right-of-use assets. The key assumptions for the discounted cash flow method are those regarding the discount rates, hire rates, growth rate and utilization rate during the lease term of the charterparty.

The hire rates applied in the impairment test on right-of-use assets 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% decline (2022: 2% growth) during the lease term of the charterparty. The discount rate applied to the value in use calculation on right-of-use assets was 10% (2022: 10.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Utilization rate of 95% (2022: 95%) is assumed during the lease term of the charterparty.

Based on the impairment test performed, the carrying amount of the right-of-use assets exceeds the recoverable amounts and accordingly, an impairment loss of US$5,693,000 (2022: nil) was recognized and allocated to right-of-use assets for the year ended 31 December 2023.

The impairment loss on owned vessels and right-of-use assets of US$19,704,000 (2022: US$49,326,000) for the year ended 31 December 2023 are non-cash in nature and do 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):

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Realized loss (gain) on financial assets at fair value through profit or loss	**-**	171	**(701)**	(1,493)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(239)**	(3,936)	**1,528**	4,003
Net loss (gain) on financial assets at fair value through profit or loss	**(239)**	(3,765)	**827**	2,510
Impairment loss on owned vessels and right-of-use assets	**19,704**	49,326	**19,704**	49,326
Impairment loss on assets held for sale	**(609)**	-	**1,288**	-
Change in fair value of investment properties	**1,601**	132	**2,334**	935
Net loss (gain) on disposal of owned vessels	**880**	510	**880**	(5,636)
Reversal of impairment loss on trade and other receivables, net	**(1,274)**	(1,620)	**(1,274)**	(1,620)

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:

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong Profits Tax	**(1)**	4	**(1)**	20

9. Loss per share

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Weighted average number of ordinary shares in issue	**109,258,943**	109,258,943	**109,258,943**	109,258,943
Net loss attributable to shareholders of the Company (US$'000)	**(27,715)**	(46,751)	**(55,055)**	(7,113)
Basic and diluted loss per share	**US$(0.254)**	US$(0.428)	**US$(0.504)**	US$(0.065)

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

10. Dividends

	3 months ended 31/12/2023 (Unaudited) *US$'000*	3 months ended 31/12/2022 (Unaudited) *US$'000*	Year ended 31/12/2023 (Unaudited) *US$'000*	Year ended 31/12/2022 (Audited) *US$'000*
2022 interim dividend of US$0.03 per share	**-**	-	**-**	3,278
2022 final dividend of US$0.04 per share	**-**	4,370	**-**	4,370
	-	4,370	**-**	7,648

The final dividend for the year 2022 was approved by the Company's shareholders on the annual general meeting held on 24 May 2023. Such dividend was paid to the shareholders of the Company in mid-June 2023.

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2023.

11. Leases

(a) Right-of-use assets

	31/12/2023 (Unaudited) *US$'000*	31/12/2022 (Audited) *US$'000*
At 1 January	**28,997**	-
Additions	**-**	43,598
Lease remeasurement	**3,257**	(11,858)
Depreciation	**(5,466)**	(2,743)
Impairment loss	**(5,693)**	-
	21,095	28,997

(b) Lease liabilities

	31/12/2023 (Unaudited) *US$'000*	31/12/2022 (Audited) *US$'000*
At 1 January	**29,337**	-
Additions	**-**	43,598
Lease remeasurement	**3,257**	(11,858)
Interest expense (included in finance costs)	**1,424**	703
Repayments of lease liabilities	**(4,879)**	(3,106)
	29,139	29,337

The lease liabilities were repayable as follows:

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Within one year	**5,061**	4,173
After one year but within two years	**5,272**	4,371
After two years but within five years	**17,284**	14,276
After five years	**1,522**	6,517
	24,078	25,164
	29,139	29,337

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 right-of-use assets 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.

At the reporting date, an impairment assessment of right-of-use assets was performed and an impairment loss of US$5,693,000 (2022: nil) was recognized and allocated to right-of-use assets for the year ended 31 December 2023. Details of impairment review on right-of-use assets was diclosed in note 6(b).

During the year, the total cash outflow for the lease was US$4,879,000 (2022: US$3,106,000).

12. Investment properties

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
At 1 January	**27,210**	28,145
Reclassification from leasehold land and buildings	**383**	-
Change in fair value	**(2,334)**	(935)
	25,259	27,210

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

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**9,396**	12,257
Change in fair value[1]	**(2,137)**	(2,861)
	7,259	9,396
Unlisted club membership		
At 1 January	**444**	482
Change in fair value[2]	**(12)**	(38)
	432	444
	7,691	9,840

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 of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Co-investment") 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$1,577,000 (2022: US$1,342,000) was drawdown and the amount was included in note 14.

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. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2022: 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 Investment Manager reported a loss of US$2,137,000 on the Co-investment for the year ended 31 December 2023. As a loss of US$8,142,000 on the Co-investment for the first nine months of 2023 was reported, a gain of US$6,005,000 on the Co-investment for the fourth quarter of 2023 was reported by the Investment Manager, mainly due to the valuation gain of investment properties. The reported loss on the Co-investment was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the condensed consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the carrying amount of the unlisted equity investments, co-investment in a property project, was US$7,259,000 (2022: US$9,396,000) whereas the loan receivable arise from Co-investment, together with the interest accrued thereon was US$2,138,000 (2022: US$1,593,000). The Group will closely monitor the performance of the Co-investment and will assess impairment allowances where appropriate.

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

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
At 1 January	**1,342**	9,236
Gross new loan originated	**235**	774
Repayment	**-**	(8,668)
Provision of individual impairment	**-**	-
Loan receivables, net of provision	**1,577**	1,342

At the reporting date, the Group's loan receivables of US$1,577,000 (2022: US$1,342,000) arise from Co-investment (as mentioned in note 13), are unsecured and denominated in United States Dollars and has no fixed repayment terms.

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, collection statistics and the net asset value of the Co-investment, 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

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Held for trading		
Listed equity securities	**21,491**	26,812
Listed debt securities	**577**	1,051
Unlisted debt securities	**295**	288
	22,363	28,151
Designated as such upon initial recognition		
Investment funds	**1,731**	1,076
	24,094	29,227

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 institution 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. Assets held for sale

On 12 December 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,050 metric tons at a consideration of US$10,430,000. The vessel was delivered to the purchaser in January 2024. For financial reporting purposes, the vessel was reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" at the reporting date, with an impairment loss on assets held for sale (disposed vessel) of US$1,288,000 was recognized in the fourth quarter of 2023 and was included in other operating expenses for the year.

17. Secured bank loans

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

	31/12/2023	31/12/2022
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Within one year	**32,497**	34,278
In the second year	**55,670**	15,406
In the third to fifth year	**-**	33,154
Total secured bank loans	**88,167**	82,838
Less: Amount repayable within one year	**(32,497)**	(34,278)
Amount repayable after one year	**55,670**	48,560

During the year, the Group had drawn new secured bank loans of US$57,696,000 (2022: US$66,859,000) and repaid US$52,367,000 (2022: US$76,599,000).

18. Capital expenditures and commitments

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was US$24,220,000 (2022: US$140,482,000) and on other property, plant and equipment was US$113,000 (2022: US$121,000).

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. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2022: US$372,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US$372,000 (2022: US$372,000).

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

19. Related party transactions

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

	3 months ended 31/12/2023	3 months ended 31/12/2022	**Year ended 31/12/2023**	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	US$'000	*US$'000*	***US$'000***	*US$'000*
Salaries and other benefits	**2,852**	3,154	**8,692**	8,994
Contributions to retirement benefits schemes	**113**	111	**446**	444
	2,965	3,265	**9,138**	9,438

20. Events after the reporting date

Subsequent to the reporting date, the Group entered into an agreement on 2 February 2024 for the acquisition of a Capesize of deadweight 181,279 metric tons, built in year 2012, at a purchase price of US$30,950,000. The vessel will be delivered to the Group between 1 July 2024 and 15 September 2024.

In addition, the Group entered into an agreement on 21 February 2024 for the acquisition of a Panamax of deadweight 81,567 metric tons, built in year 2019, at a purchase price of US$31,122,450. The vessel will be delivered to the Group between 1 April 2024 and 15 June 2024.

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