JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137

2023 RESULTS ANNOUNCEMENT

HIGHLIGHTS
FOR THE YEAR 2023

- Revenue for the year: HK$639 million

- Net loss for the year: HK$462 million
  included non-cash impairment loss on the
  Group's fleet of HK$154 million

- Net loss attributable to shareholders for the year:
  HK$272 million

- Basic loss per share: HK$0.512

- Gearing ratio as at 31 December 2023: 10%

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the results of **Jinhui Holdings Company Limited** (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2023.

2023 ANNUAL RESULTS

The Group's revenue for the year 2023 decreased 46% to HK$638,573,000, comparing to HK$1,189,232,000 for the year 2022. The consolidated net loss for the year 2023 was HK$461,805,000, which included a net impairment loss of HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets while a consolidated net loss of HK$70,179,000 which included a net impairment loss of HK$384,742,000 on owned vessels, was reported in 2022. The net loss attributable to shareholders of the Company for the year 2023 was HK$271,527,000 as compared to a net loss of HK$45,595,000 was reported for the year 2022. Basic loss per share for the year was HK$0.512 as compared to basic loss per share of HK$0.086 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 (approximately HK$147,000) for the year 2022 to US$9,063 (approximately HK$71,000) 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 HK$10,047,000 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 HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets were recognized while a net impairment loss of HK$384,742,000 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 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.

BUSINESS REVIEW

Chartering freight and hire. The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited, an approximately 55.69% owned subsidiary of the Company, whose shares are listed on the Oslo Stock Exchange, Norway.

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, especially coal, steel, iron ore and other agricultural commodities across different regions. Baltic Dry Index (the "BDI") opened at 1,515 points in January, then continued to decline and hit to the lowest of the year at 530 points in mid-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.

Average daily time charter equivalent rates ("TCE")	**2023**	2022
	US$	*US$*
Post-Panamax / Panamax fleet	**13,126**	20,180
Supramax fleet	**8,892**	18,681
In average	**9,063**	18,813

Revenue from chartering freight and hire for the year 2023 decreased 46% to HK$638,573,000, comparing to HK$1,189,232,000 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 (approximately HK$71,000) for the year 2023 as compared to US$18,813 (approximately HK$147,000) for the year 2022. The Company recorded a consolidated net loss of HK$461,805,000 for the year 2023, which included a net impairment loss of HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets while a consolidated net loss of HK$70,179,000 which included a net impairment loss of HK$384,742,000 on owned vessels, was reported in 2022. Basic loss per share for the year was HK$0.512 as compared to basic loss per share of HK$0.086 for the year 2022.

Key Performance Indicators for Shipping Business	**2023**	2022
	HK$'000	*HK$'000*
Average daily TCE	**71**	147
Daily vessel running cost	**43**	44
Daily vessel depreciation	**27**	32
Daily vessel finance cost	**1**	1
	71	77
Average utilization rate	**99%**	96%

Daily vessel running cost decreased from US$5,656 (approximately HK$44,000) for the year 2022 to US$5,569 (approximately HK$43,000) for the year 2023 mainly due to the drop in crew cost and continue reduction in pandemic related manning expenses as a result of lifting Covid related restrictions. Daily vessel depreciation decreased from US$4,074 (approximately HK$32,000) for the year 2022 to US$3,486 (approximately HK$27,000) for the year 2023. 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. Daily vessel finance cost slightly increased from US$155 (approximately HK$1,000) for the year 2022 to US$157 (approximately HK$1,000) for the year 2023 due to the rising interest rate as compared with that of the year 2022. Fleet utilization rate increased from 96% for the year 2022 to 99% for the year 2023. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

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**

Acquisition, disposal and lease of vessels

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.

Acquisition and disposal of vessels

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 (approximately HK$63,024,000). The vessel was delivered to the purchaser in 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 (approximately HK$159,377,400). 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 (approximately HK$75,270,000). 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 (approximately HK$81,354,000). 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 HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” at the reporting date.

Lease of vessel

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 HKFRS 16 Leases, the Group will recognize the unaudited value of the right-of-use assets 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.

Save as disclosed above, the Group did not carry out any material acquisition, disposal or lease of vessels, nor did the Group carry out any material acquisition or disposal during the year.

As at 31 December 2023, the Group owned twenty-three grabs fitted Supramaxes, and had one chartered-in Panamax. The total carrying capacity of the Group's fleet was 1,415,930 metric tons as at 31 December 2023.

As at 31 December 2023, the carrying amount of the motor vessels and capitalized drydocking costs was HK$2,534,585,000 (2022: HK$2,927,614,000).

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 HK$164,541,000 (2022: HK$226,180,000) and HK$227,281,000 (2022: HK$228,823,000) respectively.

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 (approximately HK$241,410,000). 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 (approximately HK$242,755,000). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and operating loss. Revenue from chartering freight and hire for the year 2023 decreased 46% to HK$638,573,000, comparing to HK$1,189,232,000 for the year 2022 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 average daily TCE earned by the Group's fleet decreased 52% to US$9,063 (approximately HK$71,000) for the year 2023 as compared to US$18,813 (approximately HK$147,000) for the year 2022.

The Company recorded a consolidated operating loss before depreciation and amortization of HK$115,784,000 for the year 2023, which included a net impairment loss of HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets, whereas a consolidated operating profit before depreciation and amortization of HK$274,065,000 was recorded for the year 2022, which included a net impairment loss of HK$384,742,000 on owned vessels. The net loss attributable to shareholders of the Company for the year 2023 was HK$271,527,000, while net loss of HK$45,595,000 was reported for the year 2022. Basic loss per share for the year was HK$0.512 as compared to basic loss per share of HK$0.086 for the year 2022.

Net loss on disposal of owned vessels. During the year, the Group entered into three agreements to dispose of three Supramaxes at total consideration of US$28,160,000 (approximately HK$219,648,000) and two of which were delivered to their respective purchasers in the year. Total net loss of HK$6,866,000 was recognized on completion of the disposal of these vessels in the year. The remaining one was classified as assets held for sale as at 31 December 2023 as the vessel was delivered to the purchaser in January 2024. An impairment loss of HK$10,047,000 on assets held for sale (disposed vessel) was recognized and included in other operating expenses for the year.

During the year 2022, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000 (approximately HK$511,290,000), with total net gain of HK$43,961,000 being recognized on completion of the disposal of these vessels in 2022.

Other operating income. Other operating income decreased from HK$127,905,000 for the year 2022 to HK$61,018,000 for the current year mainly due to a net gain of HK$18,339,000 on bunker arising from shipping operations was recognized for the year 2022 whereas a net loss of HK$9,750,000 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 HK$40,300,000 upon the termination of business relationship with a crew agent.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 HK$109,286,000 (2022: HK$384,742,000) 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 HK$44,406,000 (2022: nil) was recognized and allocated to right-of-use assets at 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. 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 HK$520,989,000 for the year 2022 to HK$456,225,000 for the year 2023 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 (approximately HK$43,000) for the year 2023 as compared to US$5,656 (approximately HK$44,000) 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. Other operating expenses for the year 2023 increased to HK$98,399,000, comparing to HK$80,391,000 for the year 2022 mainly due to the Group recording a fair value loss of HK$36,640,000 on investment properties for the current year while a fair value loss of HK$11,890,000 on investment properties was recorded for the year 2022. Other operating expenses for the year also included an impairment loss of HK$10,047,000 on assets held for sale (disposed vessel). In contrast, the Group recognized a net loss of HK$5,437,000 on financial assets at fair value through profit or loss for the current year while a net loss of HK$22,721,000 on financial assets at fair value through profit or loss was recognized for the year 2022. Other operating expenses for the year 2023 also included professional fee of approximately HK$5.6 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

Depreciation and amortization. Depreciation and amortization decreased from HK$313,524,000 for the year 2022 to HK$290,875,000 for the year 2023. The Group's daily vessel depreciation decreased to US$3,486 (approximately HK$27,000) for the year 2023 as compared to US$4,074 (approximately HK$32,000) 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 HK$42,637,000 as compared to HK$21,395,000 for the year 2022.

Finance costs. Finance costs increased from HK$30,564,000 for the year 2022 to HK$55,152,000 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 HK$11,105,000 as compared to HK$5,478,000 for the year 2022.

Financial assets at fair value through profit or loss. As at 31 December 2023, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$202,610,000 (2022: HK$244,979,000), in which HK$182,309,000 (2022: HK$226,144,000) was investment in listed equity securities, HK$6,799,000 (2022: HK$10,443,000) was investment in listed and unlisted debt securities and HK$13,502,000 (2022: HK$8,392,000) was investment in investment funds. The principal activities of these financial assets at fair value through profit or loss include mainly banking groups that provide money lending and financial services; securities trading and investment; property development and investment; shipping and transportation, provision of value-added services and online advertising services to users in the PRC. As at 31 December 2023, the fair value of each of these equity securities, debt securities and investment funds represented less than 5% of the total assets of the Group.

During the year, the Group's net loss on financial assets at fair value through profit or loss was HK$5,437,000 (2022: HK$22,721,000), comprised of a realized gain of HK$6,477,000 (2022: HK$13,143,000) upon disposal of certain equity and debt securities during the year, and an unrealized fair value loss of HK$11,914,000 (2022: HK$35,864,000) on financial assets at fair value through profit or loss for the year 2023. The aggregate interest income and dividend income from financial assets was HK$16,845,000 (2022: HK$34,779,000).

Investment properties. As at 31 December 2023, the Group's investment properties were stated at fair value of HK$339,680,000 (2022: HK$373,330,000) 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 and located in Hong Kong. As at 31 December 2023, the fair value of each of these investment properties represented less than 5% of the total assets of the Group.

During the year, the Group recognized gross rental income from operating leases on all investment properties of HK$6,448,000 and recognized loss on fair value of investment properties amounting to HK$36,640,000 as at 31 December 2023. The Group's investment properties continue to generate steady and recurring stream of income for the Group and majority of these are office asset located in one of the most sought after central business district of Hong Kong.

Save as disclosed above, the Group did not hold any significant investment or investment properties that accounted for more than 5% of the Group's total assets as at 31 December 2023.

Right-of-use assets and lease liabilities. The Group entered into a charterparty with a third party on 20 May 2022 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 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.

As at 31 December 2023, the carrying amounts of the right-of-use assets and the lease liabilities were HK$164,541,000 (2022: HK$226,180,000) and HK$227,281,000 (2022: HK$228,823,000) respectively. During the year, the total cash outflow for the lease was HK$38,051,000 (2022: HK$24,230,000).

Loan receivables. As at 31 December 2023, the Group’s loan receivables of HK$12,304,000 (2022: HK$10,475,000) arise from co-investment, are unsecured and denominated in United States Dollars and has no fixed repayment terms. At the reporting date, these 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.

Trade and other payables. As at 31 December 2023, the Group’s trade and other payables was HK$128,259,000 (2022: HK$117,672,000), including trade payables of HK$1,037,000 (2022: HK$1,333,000), accrued charges of HK$23,122,000 (2022: HK$13,649,000) and other payables of HK$104,100,000 (2022: HK$102,690,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK$71,015,000 (2022: HK$78,607,000) for owned vessels, hire receipt in advance of HK$20,338,000 (2022: HK$6,813,000) from charterers, loan interest payables of HK$1,419,000 (2022: HK$1,612,000) and accrued employee benefits payables of HK$9,405,000 (2022: HK$13,340,000).

Liquidity, financial resources and capital structure. As at 31 December 2023, the Group maintained positive working capital position of HK$255,439,000 (2022: HK$210,311,000) and the total of the Group’s equity and debt securities, bank balances and cash decreased to HK$518,557,000 (2022: HK$515,672,000). During the year, cash generated from operations before changes in working capital was HK$64,704,000 (2022: HK$579,590,000) and the net cash generated from operating activities after working capital changes was HK$113,853,000 (2022: HK$691,851,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities.

The Group's total secured bank loans increased from HK$769,730,000 as at 31 December 2022 to HK$808,682,000 as at 31 December 2023, of which 43%, 54% and 3% are repayable respectively within one year, in the second year and in the third to fifth year. During the year, the Group had drawn new secured bank loans of HK$450,035,000 (2022: HK$521,500,000) and repaid HK$411,083,000 (2022: HK$612,206,000). 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.

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 10% (2022: 8%) 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.

Pledge of assets. As at 31 December 2023, the Group's property, plant and equipment with an aggregate net book value of HK$1,733,638,000 (2022: HK$1,716,958,000), investment properties with an aggregate carrying amount of HK$303,750,000 (2022: HK$333,190,000), financial assets at fair value through profit or loss of HK$97,997,000 (2022: HK$131,387,000) and deposits of HK$2,803,000 (2022: HK$3,465,000) placed with banks were pledged together with the assignment of twelve (2022: fourteen) subsidiaries' income to secure credit facilities utilized by the Group. In addition, shares of six (2022: eight) ship owning subsidiaries were pledged to banks for vessel mortgage loans.

Capital expenditures and commitments. During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$188,918,000 (2022: HK$1,095,764,000) and on other property, plant and equipment was HK$884,000 (2022: HK$945,000).

On 20 April 2018, an approximately 55.69% indirectly 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 (approximately HK$78,000,000). 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, approximately HK$2,905,000 (2022: US$372,000, approximately HK$2,905,000).

Phoenix Property Investors Limited (the "Investment Manager") reported a loss of US$2,137,000, approximately HK$16,667,000 (2022: US$2,861,000, approximately HK$22,315,000) on the Co-investment for the year. 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 HK$56,622,000 (2022: HK$73,289,000) whereas the loan receivable arise from Co-investment, together with the interest accrued thereon was HK$16,683,000 (2022: HK$12,436,000). 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, approximately HK$2,905,000 (2022: US$372,000, approximately HK$2,905,000).

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

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 (approximately HK$241,410,000). 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 (approximately HK$242,755,000). The vessel will be delivered to the Group between 1 April 2024 and 15 June 2024.

Save as disclosed above, there were no other significant events that occurred after the reporting date.

EMPLOYEES AND REMUNERATION POLICY

The Group pursues a policy of gender equality. As at 31 December 2023, the Group had 66 (2022: 65) full-time employees, of whom 37 (2022: 35) employees were male and 29 (2022: 30) employees were female. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Bonuses are also offered to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

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.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 12 March 2024

CORPORATE GOVERNANCE

COMPLIANCE OF THE CODE PROVISIONS

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2023, with deviations as explained in following sections.

CG Code provision B.2.2

Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all directors of the Company (the "Directors") other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision B.2.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

CG Code provision B.2.4

Under code provision B.2.4 of the CG Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. The appointment of a new independent non-executive director requirement came into effect for the financial year commencing on or after 1 January 2023.

As at 31 December 2023, the Board comprised of three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, who have served the Company for more than nine years, and their length of tenure are respectively more than thirty years, twenty-nine years and nineteen years. Under this CG code, the Company should appoint a new independent non-executive director on the Board. The Company is still in the process of identifying suitable candidate to be appointed as a new independent non-executive director of the Company. The Company will use its best endeavours to ensure that suitable candidate is appointed as soon as practicable in order to ensure compliance with this CG Code. Further announcement will be made by the Company as and when appropriate.

CORPORATE GOVERNANCE

CG Code provision C.2.1

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision C.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all Directors are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

CG Code provision D.2.5

Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

CORPORATE GOVERNANCE

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2023.

SCOPE OF WORK OF THE AUDITOR

The figures in the results announcement of the Group for the year ended 31 December 2023 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the results announcement.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors. The Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Group's annual consolidated financial statements for the year ended 31 December 2023 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUPPLEMENTARY INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Monday, 27 May 2024 (the "2024 AGM"). Notice of the Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be despatched to shareholders of the Company in due course.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	2	**638,573**	1,189,232
Net gain (loss) on disposal of owned vessels	3	**(6,866)**	43,961
Other operating income	4	**61,018**	127,905
Interest income	5	**6,434**	8,314
Impairment loss on owned vessels and right-of-use assets	6	**(153,692)**	(384,742)
Shipping related expenses		**(456,225)**	(520,989)
Staff costs		**(106,627)**	(109,225)
Other operating expenses	7	**(98,399)**	(80,391)
Operating profit (loss) before depreciation and amortization	8	**(115,784)**	274,065
Depreciation and amortization		**(290,875)**	(313,524)
Operating loss		**(406,659)**	(39,459)
Finance costs		**(55,152)**	(30,564)
Loss before taxation		**(461,811)**	(70,023)
Taxation	9	**6**	(156)
Net loss for the year		**(461,805)**	(70,179)
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)		**(16,667)**	(22,315)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties (non-recycling)		**2,863**	-
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		**505**	(292)
Total comprehensive loss for the year		**(475,104)**	(92,786)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Net loss for the year attributable to:			
Shareholders of the Company		**(271,527)**	(45,595)
Non-controlling interests		**(190,278)**	(24,584)
		(461,805)	(70,179)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(278,668)**	(58,184)
Non-controlling interests		**(196,436)**	(34,602)
		(475,104)	(92,786)
Loss per share	*10*		
Basic and diluted		**HK$(0.512)**	HK$(0.086)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,613,676**	3,015,688
Right-of-use assets	*12(a)*	**164,541**	226,180
Investment properties	*13*	**339,680**	373,330
Financial assets at fair value through OCI	*14*	**82,590**	98,752
Loan receivables	*15*	**12,304**	-
Intangible assets		**800**	844
		3,213,591	3,714,794
Current assets			
Inventories		**10,781**	23,336
Loan receivables	*15*	**-**	10,475
Trade and other receivables	*16*	**141,831**	157,887
Financial assets at fair value through profit or loss	*17*	**202,610**	244,979
Tax recoverable		**166**	1,328
Pledged deposits		**2,803**	3,465
Bank balances and cash		**329,449**	279,085
		687,640	720,555
Assets held for sale	*18*	**81,299**	-
		768,939	720,555
Current liabilities			
Trade and other payables	*19*	**128,259**	117,672
Secured bank loans	*20*	**345,765**	360,025
Lease liabilities	*12(b)*	**39,476**	32,547
		513,500	510,244
Net current assets		**255,439**	210,311
Total assets less current liabilities		**3,469,030**	3,925,105

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Secured bank loans	*20*	**462,917**	409,705
Lease liabilities	*12(b)*	**187,805**	196,276
		650,722	605,981
Net assets		**2,818,308**	3,319,124
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**381,639**	381,639
Reserves		**1,213,875**	1,503,149
		1,595,514	1,884,788
Non-controlling interests		**1,222,794**	1,434,336
Total equity		**2,818,308**	3,319,124

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to shareholders of the Company						
	Issued capital *HK$'000*	Other asset revaluation reserve *HK$'000*	Reserve for financial assets at fair value through OCI *HK$'000*	Retained profits *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2022	381,639	3,806	26,549	1,562,795	1,974,789	1,506,704	3,481,493
Comprehensive loss							
Net loss for the year	-	-	-	(45,595)	(45,595)	(24,584)	(70,179)
Other comprehensive loss							
Change in fair value of financial assets at fair value through OCI	-	-	(12,589)	-	(12,589)	(10,018)	(22,607)
Total comprehensive loss for the year	-	-	(12,589)	(45,595)	(58,184)	(34,602)	(92,786)
Final dividend paid	-	-	-	(31,817)	(31,817)	-	(31,817)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(37,766)	(37,766)
At 31 December 2022	381,639	3,806	13,960	1,485,383	1,884,788	1,434,336	3,319,124
At 1 January 2023	381,639	3,806	13,960	1,485,383	1,884,788	1,434,336	3,319,124
Comprehensive loss							
Net loss for the year	-	-	-	(271,527)	(271,527)	(190,278)	(461,805)
Other comprehensive income (loss)							
Change in fair value of financial assets at fair value through OCI	-	-	(8,735)	-	(8,735)	(7,427)	(16,162)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	-	1,594	-	-	1,594	1,269	2,863
Total comprehensive loss for the year	-	1,594	(8,735)	(271,527)	(278,668)	(196,436)	(475,104)
Final dividend paid	-	-	-	(10,606)	(10,606)	-	(10,606)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(15,106)	(15,106)
At 31 December 2023	**381,639**	**5,400**	**5,225**	**1,203,250**	**1,595,514**	**1,222,794**	**2,818,308**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Cash generated from operations before changes in working capital	**64,704**	579,590
Decrease in working capital	**92,221**	138,487
Cash generated from operations	**156,925**	718,077
Interest paid	**(44,240)**	(24,508)
Hong Kong Profits Tax refunded (paid)	**1,168**	(1,718)
Net cash from operating activities	**113,853**	691,851
INVESTING ACTIVITIES		
Interest received	**4,081**	7,084
Dividend income received	**10,411**	26,465
Purchase of property, plant and equipment	**(189,802)**	(1,096,709)
Proceeds from disposal of property, plant and equipment, net	**135,970**	504,411
Net cash used in investing activities	**(39,340)**	(558,749)
FINANCING ACTIVITIES		
New secured bank loans	**450,035**	521,500
Repayment of secured bank loans	**(411,083)**	(612,206)
Decrease in pledged deposits	**662**	61,327
Payment of lease liabilities	**(26,946)**	(18,752)
Interest paid on lease liabilities	**(11,105)**	(5,478)
Dividends paid to non-controlling interests by subsidiaries	**(15,106)**	(37,766)
Final dividend paid to shareholders of the Company	**(10,606)**	(31,817)
Net cash used in financing activities	**(24,149)**	(123,192)
Net increase in cash and cash equivalents	**50,364**	9,910
Cash and cash equivalents at 1 January	**279,085**	269,175
Cash and cash equivalents at 31 December	**329,449**	279,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement of 2023 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2023 in due course.

- The Company's auditor has reported on the financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements included applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation adopted in these consolidated financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended 31 December 2022, except for the Group has adopted the amended HKFRS, which are effective for the annual period beginning on 1 January 2023. The adoption of the amended 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

Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Revenue recognized during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters [1]	**638,573**	1,189,232

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. Hire income included a non-lease component in relation to crewing service of HK$237,614,000 (2022: HK$295,725,000).

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 (approximately HK$138,294,000), with total net loss of HK$6,866,000 being recognized on completion of the disposal of these vessels in the year. The remaining one was classified as assets held for sale at the reporting date as the vessel was delivered to the purchaser in January 2024. An impairment loss of HK$10,047,000 on assets held for sale (disposed vessel) was recognized and included in other operating expenses for the year.

During the year 2022, the Group entered into five agreements to dispose of two Post-Panamaxes and three Supramaxes at total consideration of US$65,550,000 (approximately HK$511,290,000), with total net gain of HK$43,961,000 being recognized on completion of the disposal of these vessels in 2022.

4. Other operating income

	2023 ***HK$'000***	2022 *HK$'000*
Net gain on bunker arising from shipping operations	**-**	18,339
Write-back of other payables	**-**	40,300
Other shipping operating income	**33,931**	20,655
Reversal of impairment loss on trade and other receivables, net	**9,937**	12,639
Dividend income	**10,411**	26,465
Gross rental income from operating leases on investment properties	**6,448**	7,771
COVID-19 related government subsidies	**-**	1,608
Sundry income	**291**	128
	61,018	127,905

5. Interest income

	2023 ***HK$'000***	2022 *HK$'000*
Interest income in respect of:		
Deposits with banks and other financial institutions	**3,713**	947
Loan receivables	**2,418**	6,360
Financial assets at fair value through profit or loss	**303**	1,007
	6,434	8,314

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.

Management assessed the recoverable amounts of each vessel based on the higher of value in use and fair value less costs of disposal and determine if any impairment loss / reversal of impairment loss on owned vessels is needed to be recognized / reversed. The value in use model is developed through the application of income approach and the Group applied the discounted cash flow technique to calculate the value of vessels or cash generating units. The discounted cash flow method under the income approach for the purpose of determine the value in use of vessels was adopted. Management considers that the discounted cash flow approach is most appropriate in appraising the expected receipt of future economic benefits from the continuous use of vessels such as periodic income, operating expenses, or sale proceeds of vessels. The estimated future cash flows are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the vessels. For the determination of the discount rate, weighted average cost of capital, is considered to be the appropriate discount rate applied to discount the future expected cash flows of vessels.

An alternative valuation method is the fair value less cost of disposal. The fair value is based on valuation performed by independent valuer under the market comparison approach. Market comparison approach assumes the vessels being sold in their existing states by reference to comparable recently concluded sale transactions as available in the relevant market. Vessels with comparable age, size, country and reputation of shipbuilder are taken into account and appropriately adjusted in order to arrive the fair value of the vessels. Such approach is the most commonly known valuation approach and it is the most simple and direct method as relevant comparable market transactions are available in the open market.

(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 HK$1,091,638,000 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 HK$212,355,000 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 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 HK$109,286,000 (2022: HK$384,742,000) 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 HK$44,406,000 (2022: nil) was recognized and allocated to right-of-use assets at 31 December 2023.

The impairment loss on owned vessels and right-of-use assets of HK$153,692,000 (2022: HK$384,742,000) are non-cash in nature and do not have impact on the operating cash flows of the Group.

7. Other operating expenses

Other operating expenses for the year 2023 mainly included an impairment loss on assets held for sale (disposed vessel) of approximately HK$10 million, net loss on financial assets at fair value through profit or loss of approximately HK$5.4 million, change in fair value of investment properties of approximately HK$36.6 million, professional fee of approximately HK$5.6 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

Other operating expenses for the year 2022 mainly included net loss on financial assets at fair value through profit or loss of approximately HK$22.7 million, change in fair value of investment properties of approximately HK$11.9 million, professional fee of approximately HK$7.3 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

8. Operating profit (loss) before depreciation and amortization

This is stated after charging / (crediting):

	2023	2022
	HK$'000	*HK$'000*
Realized gain on financial assets at fair value through profit or loss	**(6,477)**	(13,143)
Unrealized loss on financial assets at fair value through profit or loss	**11,914**	35,864
Net loss on financial assets at fair value through profit or loss	**5,437**	22,721
Impairment loss on owned vessels and right-of-use assets	**153,692**	384,742
Impairment loss on assets held for sale	**10,047**	-
Change in fair value of investment properties	**36,640**	11,890
Net loss (gain) on disposal of owned vessels	**6,866**	(43,961)
Reversal of impairment loss on trade and other receivables, net	**(9,937)**	(12,639)
Dividend income	**(10,411)**	(26,465)
Bad debts written off in respect of trade and other receivables	**-**	224

9. Taxation

Taxation has been provided on the estimated assessable profits arising in Hong Kong from an approximately 55.69% indirectly 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 of assessable profits of the qualifying corporation are taxed at 8.25%, and the assessable profits above HK$2,000,000 are taxed at 16.5%. Apart from the estimated assessable profits arising in Hong Kong from that subsidiary, in the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax and the Group is not subject to taxation in any other jurisdictions in which the Group operates.

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

	2023	2022
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**(6)**	156

10. Loss per share

Basic and diluted loss per share were calculated on the net loss attributable to shareholders of the Company of HK$271,527,000 for the year 2023 (2022: HK$45,595,000) and the weighted average number of 530,289,480 (2022: 530,289,480) ordinary shares in issue during the year.

Diluted loss per share for the years 2023 and 2022 were the same as basic loss per share as there was no potentially dilutive ordinary shares in existence for the years 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Dividends

	2023	2022
	HK$'000	*HK$'000*
2022 final dividend of HK$0.02 per share	**-**	10,606

The final dividend for the year 2022 was approved by the Company's shareholders at the annual general meeting held on 30 May 2023. Such dividend was paid to the shareholders of the Company at end of June 2023.

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

12. Leases

(a) Right-of-use assets

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**226,180**	-
Additions	**-**	340,064
Lease remeasurement	**25,404**	(92,489)
Depreciation	**(42,637)**	(21,395)
Impairment loss	**(44,406)**	-
	164,541	226,180

(b) Lease liabilities

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**228,823**	-
Additions	**-**	340,064
Lease remeasurement	**25,404**	(92,489)
Interest expense (included in finance costs)	**11,105**	5,478
Repayments of lease liabilities	**(38,051)**	(24,230)
	227,281	228,823

The lease liabilities were repayable as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**39,476**	32,547
After one year but within two years	**41,123**	34,091
After two years but within five years	**134,809**	111,350
After five years	**11,873**	50,835
	187,805	196,276
	227,281	228,823

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 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 HK$44,406,000 (2022: nil) was recognized and allocated to right-of-use assets at 31 December 2023. Details of impairment review on right-of-use assets was disclosed in note 6(b).

During the year, the total cash outflow for the lease was HK$38,051,000 (2022: HK$24,230,000).

13. Investment properties

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**373,330**	385,220
Reclassification from leasehold land and buildings	**2,990**	-
Change in fair value	**(36,640)**	(11,890)
	339,680	373,330

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 and located in Hong Kong.

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 HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

14. Financial assets at fair value through OCI

	2023	2022
	HK$'000	*HK$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**73,289**	95,604
Change in fair value [1]	**(16,667)**	(22,315)
	56,622	73,289
Unlisted club debentures		
At 1 January	**22,000**	22,000
Change in fair value [2]	**600**	-
	22,600	22,000
Unlisted club membership		
At 1 January	**3,463**	3,755
Change in fair value [2]	**(95)**	(292)
	3,368	3,463
	82,590	98,752

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, an approximately 55.69% indirectly 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 (approximately HK$12,304,000). At the reporting date, advance of US$1,577,000, approximately HK$12,304,000 (2022: US$1,342,000, approximately HK$10,475,000) was drawdown and the amount was included in note 15.

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 (approximately HK$78,000,000). 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, approximately HK$2,905,000 (2022: US$372,000, approximately HK$2,905,000).

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, approximately HK$16,667,000 (2022: US$2,861,000, approximately HK$22,315,000) on the Co-investment for the year. 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 HK$56,622,000 (2022: HK$73,289,000) whereas the loan receivable arise from Co-investment, together with the interest accrued thereon was HK$16,683,000 (2022: HK$12,436,000). 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 HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

Unlisted club debentures and unlisted club membership stated at fair value represented investments in club debentures and 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 HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

15. Loan receivables

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**10,475**	72,041
Gross new loan originated	**1,829**	6,041
Repayment	**-**	(67,607)
Provision of individual impairment	**-**	-
Loan receivables, net of provision	**12,304**	10,475
Less: Amount receivable within one year	**-**	(10,475)
Amount receivable after one year	**12,304**	-

At the reporting date, the Group's loan receivables of HK$12,304,000 (2022: HK$10,475,000) arise from Co-investment (as mentioned in note 14), 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.

16. Trade and other receivables

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**7,797**	10,564
Prepayments	**19,484**	19,236
Rental and other deposits	**730**	768
Other receivables	**113,820**	127,319
	134,034	147,323
	141,831	157,887

The aging analysis of trade receivables (net of impairment loss) based on payment due dates is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within three months	**6,547**	6,961
Over three months but within six months	**1,037**	1,099
Over six months but within twelve months	**213**	2,504
	7,797	10,564

Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

The carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values due to their short term maturities.

17. Financial assets at fair value through profit or loss

	2023	2022
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**118,311**	155,031
Listed outside Hong Kong	**63,998**	71,113
	182,309	226,144
Debt securities		
Listed in Hong Kong	**-**	4,471
Listed outside Hong Kong	**4,502**	3,728
Unlisted	**2,297**	2,244
	6,799	10,443
Designated as such upon initial recognition		
Investment funds	**13,502**	8,392
	202,610	244,979

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 HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

18. 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 (approximately HK$81,354,000). 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 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 HK$10,047,000 was recognized for the year and was included in other operating expenses.

19. Trade and other payables

	2023 HK$'000	2022 HK$'000
Trade payables	**1,037**	1,333
Accrued charges	**23,122**	13,649
Other payables		
Payables related to vessel running cost and ship operating expenses	**71,015**	78,607
Hire receipt in advance	**20,338**	6,813
Loan interest payables	**1,419**	1,612
Accrued employee benefits	**9,405**	13,340
Others	**1,923**	2,318
	104,100	102,690
	128,259	117,672

The aging analysis of trade payables based on payment due dates is as follows:

	2023 HK$'000	2022 HK$'000
Within three months	**149**	527
Over twelve months	**888**	806
	1,037	1,333

20. Secured bank loans

	2023 HK$'000	2022 HK$'000
Vessel mortgage loans	**128,734**	206,456
Other bank loans	**679,948**	563,274
Total secured bank loans	**808,682**	769,730
Less: Amount repayable within one year	**(345,765)**	(360,025)
Amount repayable after one year	**462,917**	409,705

During the year, the Group had drawn new secured bank loans of HK$450,035,000 (2022: HK$521,500,000) and repaid HK$411,083,000 (2022: HK$612,206,000).

At the reporting date, vessel mortgage loans were denominated in United States Dollars, and other bank loans which included revolving loans, term loans and property mortgage loans were denominated in Hong Kong Dollars and United States Dollars. All secured bank loans were committed on floating rate basis.

21. Capital expenditures and commitments

During the year, capital expenditure on additions of motor vessels and capitalized drydocking costs was HK$188,918,000 (2022: HK$1,095,764,000) and on other property, plant and equipment was HK$884,000 (2022: HK$945,000).

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 (approximately HK$78,000,000). 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, approximately HK$2,905,000 (2022: US$372,000, approximately HK$2,905,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2022: US$372,000, approximately HK$2,905,000).

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

22. Related party transactions

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

	2023	2022
	HK$'000	*HK$'000*
Salaries and other benefits	**73,486**	75,843
Contributions to retirement benefits schemes	**3,562**	3,546
	77,048	79,389

Other payables included accrued employee benefits payables to directors and senior management of HK$7,012,000 (2022: HK$9,471,000). There is no other balance or transaction related to connected party or any director and senior management and substantial shareholder of the Group that had not been disclosed under the requirement of Chapter 14 and 14A of the Listing Rules and HKAS 24 (Revised) "Related Party Disclosures".

23. 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 (approximately HK$241,410,000). 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 (approximately HK$242,755,000). The vessel will be delivered to the Group between 1 April 2024 and 15 June 2024.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Company for the year ended 31 December 2023 containing all the detailed information will be despatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com in due course.

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.