



## JINHUI SHIPPING AND TRANSPORTATION LIMITED

### JIN - PROFIT WARNING ANNOUNCEMENT

This announcement is made by the board of directors (the “Board”) of **Jinhui Shipping and Transportation Limited** (the “Company”) for information only.

The Board wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts, the Company is expected to record a consolidated net loss of around US\$46 million to US\$47 million and around US\$6 million to US\$7 million for the fourth quarter and the year 2022 respectively due to an unprecedented challenging environment as well as the recognition of impairment loss of around US\$49 million on owned vessels as compared to a consolidated net profit of US\$84 million and US\$194 million for the corresponding fourth quarter and the year 2021 respectively, which included a reversal of impairment loss of US\$68 million and US\$134 million on owned vessels respectively.

In the first half of 2022, dry bulk shipping market showed strong sign of rebound amid global economic recovery. However, due to subdued macroeconomic conditions in the second half of 2022, dry bulk shipping market suffered a slump particularly in the fourth quarter of 2022. The demand for dry bulk commodities was weak due to the slowdown of global economic growth as a result of high inflation and rising interest rates, the COVID-19 related issues as well as multiple geo-political issues that dampened economic activities globally. A further downward correction in the market freight rates was continued in the fourth quarter of 2022.

The Group reviewed the dry bulk shipping market environment, the overall macro environment and the market value of dry bulk vessels and management considered that impairment indication of the Group’s fleet existed and performed an impairment review on 31 December 2022. Based on the on-going discussions with the auditor of the Company and prudent consideration, it is considered the long term intrinsic values of certain owned vessels are expected to be significantly less than their respective carrying amounts. This indicated that substantial impairment loss on owned vessels of around US\$49 million is expected to be recognized at end of 2022. However, such impairment loss amount is yet to be ascertained.

The Company is still in the process of preparing and finalizing the financial results for the fourth quarter and the year 2022, which is subject to finalization and other potential adjustments, if any, and the information has not been audited or reviewed by the auditor or the audit committee of the Company. Further details of the financial information of Jinhui Shipping will be disclosed in its fourth quarter report and 2022 preliminary annual results announcement on 28 February 2023.

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

By Order of the Board

**Ng Siu Fai**

*Chairman*

23 February 2023