

Second Quarter and Half Yearly Report 2023



**JINHUI SHIPPING
AND TRANSPORTATION LIMITED**

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Second Quarter and Half Yearly Report 2023

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HIGHLIGHTS

For the First Half of 2023

- ↳ Revenue for the period: US\$37 million
- ↳ Net loss for the period: US\$19 million
- ↳ Basic loss per share: US\$0.176
- ↳ Gearing ratio as at 30 June 2023: 8%

For the Second Quarter of 2023

- ↳ Revenue for the quarter: US\$23 million
- ↳ Net loss for the quarter: US\$7 million
- ↳ Basic loss per share: US\$0.060

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 six months ended 30 June 2023.

SECOND QUARTER 2023 RESULTS

Revenue for the second quarter of 2023 decreased 55% to US\$22,797,000, comparing to US\$50,629,000 for the corresponding quarter in 2022. The Company recorded a consolidated net loss of US\$6,509,000 for current quarter as compared to a consolidated net profit of US\$20,331,000 for the corresponding quarter in 2022. Basic loss per share was US\$0.060 for the second quarter of 2023 as compared to basic earnings per share of US\$0.186 for the corresponding quarter in 2022. The consolidated net loss for the quarter was mainly attributable to the lower freight rates upon the weak dry bulk shipping market sentiment amid the challenging macroeconomic and financial environment as compared to the strong market freight rates in dry bulk shipping sector in the second quarter of 2022.

HALF YEARLY 2023 RESULTS

Revenue for the first half of 2023 decreased 55% to US\$37,227,000, comparing to US\$83,265,000 for the same period in 2022. The Company recorded a consolidated net loss of US\$19,261,000 for the first half of 2023 whereas a consolidated net profit of US\$39,349,000 which included a net gain on disposal of owned vessels of US\$6,146,000, was reported in the first half of 2022. Basic loss per share for the period was US\$0.176 as compared to basic earnings per share of US\$0.360 for the first half of 2022. The consolidated net loss for the period was mainly attributable to the lackluster freight rates upon the weak dry bulk shipping market sentiment especially in early 2023 as compared to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities in the first half of 2022. The average daily time charter equivalent rate for the fleet decreased to US\$8,379 for the first half of 2023 as compared to US\$22,029 for the same period in 2022.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2023.

REVIEW OF OPERATIONS

Second Quarter of 2023. In the second quarter of 2023, the market freight rates of dry bulk shipping market improved gradually but were still under pressure due to the weak dry bulk shipping market sentiment amid the challenging macroeconomic and financial environment. During the quarter, Baltic Dry Index (“BDI”) opened at 1,389 points at the beginning of April and rose to the peak of the quarter at 1,640 points at mid of May. Thereafter, BDI continued to decline and hit to the low at 919 points in early June and closed at 1,091 points by the end of June 2023. The average of BDI of the second quarter of 2023 was 1,313 points, which compares to 2,531 points in the same quarter in 2022.

Second Quarter 2023 Statement of Profit or Loss

Revenue for the second quarter of 2023 was US\$22,797,000 representing a decrease of 55% as compared to US\$50,629,000 for the same quarter in 2022 due to the decline in market freight rates in dry bulk shipping market. The average daily time charter equivalent rates (“TCE”) earned by the Group’s fleet decreased 62% to US\$10,132 for the second quarter of 2023 as compared to US\$26,397 for the corresponding quarter in 2022.

	2023 Q2 US\$	2022 Q2 US\$	2023 1st half US\$	2022 1st half US\$	2022 US\$
Average daily TCE of the Group’s fleet					
Post-Panamax / Panamax fleet	4,719	23,171	8,894	22,569	20,180
Supramax fleet	10,360	26,544	8,357	21,988	18,681
In average	10,132	26,397	8,379	22,029	18,813

Other operating income decreased from US\$6,101,000 for the second quarter of 2022 to US\$2,613,000 for the current quarter mainly due to a net gain of US\$4,098,000 on bunker arising from shipping operations was recognized for the second quarter of 2022, whereas a net loss on bunker arising from shipping operations was recognized for the current quarter and was included in 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 US\$17,404,000 for the second quarter of 2022 to US\$15,893,000 for the current quarter, 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\$5,429 for the second quarter of 2023 as compared to US\$5,924 for the second quarter of 2022. However, the decrease was partially offset by the recognition of a net loss of US\$1,001,000 on bunker arising from shipping operations for the current 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 decreased from US\$6,646,000 for the second quarter of 2022 to US\$4,224,000 for the current quarter mainly due to the Group recorded a net loss of US\$2,222,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of US\$733,000 for the current quarter while a net loss of US\$4,547,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of US\$803,000 were recognized for the corresponding quarter in 2022.

Depreciation and amortization decreased from US\$9,142,000 for the second quarter of 2022 to US\$7,942,000 for the second quarter of 2023. The Group's daily vessel depreciation decreased to US\$3,477 for the current quarter as compared to US\$3,830 for the corresponding quarter in 2022. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduce 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\$114,000 as compared to US\$538,000 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\$474,000 for the second quarter of 2022 to US\$1,060,000 for the second quarter of 2023. The increase was mainly attributable to the rising interest rate and the drawdown of new secured bank loans as compared with that of the corresponding quarter in 2022.

First Half of 2023. Dry bulk shipping market confronted headwinds in early 2023 due to the seasonal trading patterns during Chinese New Year holidays, slowdown of global economic growth and unresolved of multiple geo-political issues led to the market freight rates continued to slide. The market sentiment gradually changed in March 2023 and the market freight rates moved upwards driven by the increase in demand for dry bulk commodities and limited supply of vessels. However, the market freight rates for the first half of 2023 were still weak due to the port congestion eased globally and the demand for dry bulk commodities was under pressure as a result of the higher inflation and interest rates. During the first half of 2023, BDI opened at 1,515 points at the beginning of January, then continued to decline and hit to the low at 530 points at mid of February. Thereafter, BDI rose gradually to the peak of the period at 1,640 points at mid of May and closed at 1,091 points by the end of June 2023. The average of BDI for the first half of 2023 was 1,157 points, which compares to 2,280 points in the same period in 2022.

First Half of 2023 Statement of Profit or Loss

Revenue for the first half of 2023 decreased 55% to US\$37,227,000, comparing to US\$83,265,000 for the first half of 2022 reflected in the average daily TCE earned by the Group's fleet, decreased 62% to US\$8,379 for the first half of 2023 as compared to US\$22,029 for the corresponding period in 2022. Basic loss per share for the period was US\$0.176 as compared to basic earnings per share of US\$0.360 for the first half of 2022.

Other operating income decreased from US\$11,645,000 for the first half of 2022 to US\$3,610,000 for the first half of 2023 mainly due to a net gain of US\$8,648,000 on bunker arising from shipping operations was recognized for the first half of 2022, whereas a net loss on bunker arising from shipping operations was recognized for the current period and was included in shipping related expenses.

Shipping related expenses decreased from US\$32,342,000 for the first half of 2022 to US\$30,737,000 for the first half of 2023 mainly due 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\$5,436 for the first half of 2023 as compared to US\$5,825 for the first half of 2022. However, the decrease was partially offset by the recognition of a net loss of US\$2,119,000 on bunker arising from shipping operations for the current period. We will continue with our cost reduction effort, striving to maintain a highly competitive cost structure when stacked against other market participants.

Other operating expenses decreased from US\$5,315,000 for the first half of 2022 to US\$4,428,000 for the current period mainly due to the Group recorded a net loss of US\$936,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of US\$733,000 for the current period while a net loss of US\$1,987,000 on financial assets at fair value through profit or loss and a fair value loss on investment properties of US\$803,000 were recognized for the corresponding period in 2022.

Depreciation and amortization decreased from US\$17,700,000 for the first half of 2022 to US\$16,900,000 for the first half of 2023. The Group's daily vessel depreciation decreased to US\$3,490 for the first half of 2023 as compared to US\$3,878 for the corresponding period in 2022. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduce 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 period also included the recognition of depreciation on right-of-use assets of US\$1,263,000 as compared to US\$538,000 for the corresponding period in 2022.

Finance costs increased from US\$890,000 for the first half of 2022 to US\$2,407,000 for the current period. The increase was mainly attributable to the rising interest rate and the drawdown of new secured bank loans as compared with that of the corresponding period in 2022. Finance costs for the current period also included the interest expenses on lease liabilities of US\$303,000 as compared to US\$51,000 for the corresponding period in 2022.

First Half of 2023 Statement of Cash Flows and Statement of Financial Position as at 30 June 2023

During the first half of 2023, cash used in operations before changes in working capital was US\$261,000 (30/6/2022: cash generated from operations before changes in working capital was US\$50,982,000) and the net cash generated from operating activities after working capital changes was US\$4,190,000 (30/6/2022: US\$49,691,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities. During the first half of 2023, the Group's net loss on financial assets at fair value through profit or loss was US\$936,000 (30/6/2022: US\$1,987,000), comprised of a realized gain of US\$735,000 (30/6/2022: US\$2,114,000) upon disposal of certain equity and debt securities during the period, and an unrealized fair value loss of US\$1,671,000 (30/6/2022: US\$4,101,000) on financial assets at fair value through profit or loss for the period. The aggregate interest income and dividend income from financial assets was US\$1,040,000 (30/6/2022: US\$1,665,000).

During the first half of 2023, the Group had drawn new secured bank loans of US\$15,987,000 (30/6/2022: US\$15,385,000) and repaid US\$17,968,000 (30/6/2022: US\$31,288,000). The Group's total secured bank loans decreased from US\$82,838,000 as at 31 December 2022 to US\$80,857,000 as at 30 June 2023, of which 29%, 18% and 53% are repayable respectively within one year, in the second year and in the third to fifth 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 30 June 2023, the Group maintained positive working capital position of US\$33,309,000 (31/12/2022: US\$34,153,000) and the total of the Group's equity and debt securities, bank balances and cash decreased to US\$48,982,000 (31/12/2022: US\$61,504,000).

During the first half of 2023, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$2,205,000 (30/6/2022: US\$45,931,000) and on other property, plant and equipment was US\$20,000 (30/6/2022: US\$27,000).

On 20 April 2018, a wholly owned subsidiary of the Company (the "Co-Investor") entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Tower A" or previously named as "T3 Property"), pursuant to which the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss Limited ("Dual Bliss") of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (31/12/2022: 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.

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 acquisition, disposal or charter-in of vessels and 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 8% (31/12/2022: 5%) as at 30 June 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 30 June 2023, the Group is able to service its debt obligations, including principal and interest payments.

FLEET

As at 30 June 2023, the Group had twenty four owned vessels and one chartered-in vessel as follows:

	Number of vessels		
	Owned	Chartered-in	Total
Panamax fleet	-	1	1
Supramax fleet	24	-	24
Total fleet	24	1	25

The Group did not carry out any acquisition or disposal of vessels during the first half of 2023.

As at 30 June 2023, the carrying amount of the motor vessels and capitalized drydocking costs was US\$362,380,000 (31/12/2022: 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 30 June 2023, the carrying amounts of the right-of-use assets and the lease liabilities were US\$20,952,000 (31/12/2022: US\$28,997,000) and US\$20,589,000 (31/12/2022: 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 challenging for shipping with slowing global growth due to unfavorable monetary environment and inflationary pressure. The reopening of the world after COVID has encouraged a short term economic boost but soon lost steam. The previous general expectation of a slower global economic growth has somewhat materialized. Freight rates of dry bulk shipping has weakened as a result and we expect this weakness to linger for the remaining of 2023.

Transportation of commodities will undergo profound and complex changes given the variables that affect our business are a combination of industry specific, economical, as well as geopolitically driven. When we look purely at the industry fundamentals, the supply of new vessels remain low. With increasing cost of borrowing and no consensus in the shipping with regards to the next generation engine design to reduce carbon emission, new vessel orders are expected to be few. Looking ahead, should economic recovery gain momentum, our fleet will be well positioned to benefit from these supportive industry specific fundamentals.

We remain alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We currently have no capital expenditure commitment in relation to newbuilding contracts, and will continue to focus on taking sensible and decisive actions to maintain a strong financial position.

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

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board



Ng Siu Fai
Chairman

28 August 2023

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the half yearly report for the period from 1 January to 30 June 2023 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations of the Group and that the half yearly report includes a fair review of the development and performance of the business and the position of the Group together with a description of the key principal risks and uncertainty factors that the Group faces.

28 August 2023



Ng Siu Fai
Chairman



Ng Kam Wah Thomas
*Managing Director and
Deputy Chairman*



Ng Ki Hung Frankie
Executive Director



Ho Suk Lin Cathy
Executive Director



Tsui Che Yin Frank
Non-executive Director



William Yau
Non-executive Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		3 months ended 30/6/2023 (Unaudited) US\$'000	3 months ended 30/6/2022 (Unaudited) US\$'000	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
	<i>Note</i>					
Revenue	2	22,797	50,629	37,227	83,265	152,466
Net gain on disposal of owned vessels		-	-	-	6,146	5,636
Other operating income	3	2,613	6,101	3,610	11,645	15,419
Interest income	4	208	255	401	500	1,064
Impairment loss on owned vessels, net		-	-	-	-	(49,326)
Shipping related expenses		(15,893)	(17,404)	(30,737)	(32,342)	(66,793)
Staff costs		(3,008)	(2,972)	(6,027)	(5,944)	(13,668)
Other operating expenses		(4,224)	(6,646)	(4,428)	(5,315)	(8,583)
Operating profit before depreciation and amortization		2,493	29,963	46	57,955	36,215
Depreciation and amortization		(7,942)	(9,142)	(16,900)	(17,700)	(39,870)
Operating profit (loss)		(5,449)	20,821	(16,854)	40,255	(3,655)
Finance costs		(1,060)	(474)	(2,407)	(890)	(3,438)
Profit (Loss) before taxation		(6,509)	20,347	(19,261)	39,365	(7,093)
Taxation	6	-	(16)	-	(16)	(20)
Net profit (loss) for the period / year		(6,509)	20,331	(19,261)	39,349	(7,113)
Other comprehensive 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)		(291)	(4,200)	(291)	(4,200)	(2,861)
Items that may be reclassified subsequently to profit or loss:						
Change in fair value of financial assets at fair value through OCI (recycling)		-	-	-	-	(38)
Total comprehensive income (loss) for the period / year attributable to shareholders of the Company		(6,800)	16,131	(19,552)	35,149	(10,012)
Earnings (Loss) per share	7					
- Basic and diluted		US\$(0.060)	US\$0.186	US\$(0.176)	US\$0.360	US\$(0.065)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/6/2023 (Unaudited) US\$'000	30/6/2022 (Unaudited) US\$'000	31/12/2022 (Audited) US\$'000
	Note			
ASSETS				
Non-current assets				
Property, plant and equipment		371,249	406,985	384,661
Right-of-use assets	9(a)	20,952	43,060	28,997
Investment properties	10	26,477	27,342	27,210
Financial assets at fair value through OCI	11	9,549	8,539	9,840
Deposit paid for the acquisition of owned vessel		-	2,550	-
		428,227	488,476	450,708
Current assets				
Inventories		1,996	4,842	2,993
Loan receivables	12	1,577	9,350	1,342
Trade and other receivables		18,689	25,133	20,245
Financial assets at fair value through profit or loss	13	23,041	39,861	29,227
Pledged deposits		506	7,190	444
Bank balances and cash		27,535	31,053	33,353
		73,344	117,429	87,604
Total assets		501,571	605,905	538,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/6/2023	30/6/2022	31/12/2022
		(Unaudited)	(Unaudited)	(Audited)
	<i>Note</i>	US\$'000	<i>US\$'000</i>	<i>US\$'000</i>
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		5,463	5,463	5,463
Reserves		381,752	454,113	405,674
Total equity		387,215	459,576	411,137
Non-current liabilities				
Secured bank loans	14	56,958	35,628	48,560
Lease liabilities	9(b)	17,363	37,795	25,164
		74,321	73,423	73,724
Current liabilities				
Trade and other payables		12,758	26,075	14,833
Amount due to holding company		152	131	167
Secured bank loans	14	23,899	41,047	34,278
Lease liabilities	9(b)	3,226	5,653	4,173
		40,035	72,906	53,451
Total equity and liabilities		501,571	605,905	538,312

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital (Unaudited) US\$'000	Share premium (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Contributed surplus (Unaudited) US\$'000	Revaluation reserve (Unaudited) US\$'000	Reserve for financial assets at fair value through OCI (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2022	5,463	95,585	719	16,297	476	2,754	310,781	432,075
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	39,349	39,349
Other comprehensive loss								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(4,200)	-	(4,200)
Total comprehensive income for the period	-	-	-	-	-	(4,200)	39,349	35,149
2021 final dividend paid	-	-	-	-	-	-	(7,648)	(7,648)
At 30 June 2022	5,463	95,585	719	16,297	476	(1,446)	342,482	459,576
At 1 January 2023	5,463	95,585	719	16,297	476	(145)	292,742	411,137
Comprehensive loss								
Net loss for the period	-	-	-	-	-	-	(19,261)	(19,261)
Other comprehensive loss								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(291)	-	(291)
Total comprehensive loss for the period	-	-	-	-	-	(291)	(19,261)	(19,552)
2022 final dividend paid	-	-	-	-	-	-	(4,370)	(4,370)
At 30 June 2023	5,463	95,585	719	16,297	476	(436)	269,111	387,215

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
OPERATING ACTIVITIES			
Cash generated from (used in) operations before changes in working capital	(261)	50,982	75,567
Decrease (Increase) in working capital	6,613	(427)	15,682
Cash generated from operations	6,352	50,555	91,249
Interest paid	(2,162)	(810)	(2,690)
Hong Kong Profits Tax paid	-	(54)	(220)
Net cash from operating activities	4,190	49,691	88,339
INVESTING ACTIVITIES			
Interest received	260	512	906
Dividend income received	639	1,165	2,624
Purchase of property, plant and equipment	(2,225)	(45,958)	(140,603)
Proceeds from disposal of property, plant and equipment, net	-	17,500	64,668
Deposit paid for the acquisition of owned vessel	-	(2,550)	-
Net cash used in investing activities	(1,326)	(29,331)	(72,405)
FINANCING ACTIVITIES			
New secured bank loans	15,987	15,385	66,859
Repayment of secured bank loans	(17,968)	(31,288)	(76,599)
Decrease (Increase) in pledged deposits	(62)	1,117	7,863
Payment of lease liabilities	(1,966)	(150)	(2,403)
Interest paid on lease liabilities	(303)	(51)	(703)
Dividends paid to shareholders of the Company	(4,370)	(7,648)	(10,926)
Net cash used in financing activities	(8,682)	(22,635)	(15,909)
Net increase (decrease) in cash and cash equivalents	(5,818)	(2,275)	25
Cash and cash equivalents at beginning of the period / year	33,353	33,328	33,328
Cash and cash equivalents at end of the period / year	27,535	31,053	33,353

NOTES:

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. 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 / year are as follows:

	3 months ended 30/6/2023 (Unaudited) US\$’000	3 months ended 30/6/2022 (Unaudited) US\$’000	6 months ended 30/6/2023 (Unaudited) US\$’000	6 months ended 30/6/2022 (Unaudited) US\$’000	Year ended 31/12/2022 (Audited) US\$’000
Chartering freight and hire income:					
Hire income under time charters ¹	22,797	50,629	37,227	83,265	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. Hire income included a non-lease component in relation to crewing service of US\$15,752,000 (30/6/2022: US\$18,541,000).

3. Other operating income

	3 months ended 30/6/2023 (Unaudited) US\$'000	3 months ended 30/6/2022 (Unaudited) US\$'000	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Net gain on bunker arising from shipping operations	-	4,098	-	8,648	2,352
Write-back of other payables	-	-	-	-	5,167
Other shipping operating income	1,805	645	2,556	1,308	2,648
Dividend income	595	1,029	639	1,165	2,624
Gross rental income from operating leases on investment properties	143	139	285	276	559
Reversal of impairment loss on trade and other receivables, net	-	-	-	-	1,620
COVID-19 related government subsidies	-	129	-	129	194
Sundry income	70	61	130	119	255
	2,613	6,101	3,610	11,645	15,419

4. Interest income

	3 months ended 30/6/2023 (Unaudited) US\$'000	3 months ended 30/6/2022 (Unaudited) US\$'000	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Interest income in respect of:					
Deposits with banks and other financial institutions	119	19	232	21	120
Loan receivables	80	200	149	405	815
Financial assets at fair value through profit or loss	9	36	20	74	129
	208	255	401	500	1,064

5. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/6/2023 (Unaudited) US\$'000	3 months ended 30/6/2022 (Unaudited) US\$'000	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Realized gain on financial assets at fair value through profit or loss	(36)	(314)	(735)	(2,114)	(1,493)
Unrealized loss on financial assets at fair value through profit or loss	2,258	4,861	1,671	4,101	4,003
Net loss on financial assets at fair value through profit or loss	2,222	4,547	936	1,987	2,510
Net gain on disposal of owned vessels	-	-	-	(6,146)	(5,636)
Change in fair value of investment properties	733	803	733	803	935
Impairment loss on owned vessels, net	-	-	-	-	49,326
Reversal of impairment loss on trade and other receivables, net	-	-	-	-	(1,620)

6. 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 / year.

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 30/6/2023	3 months ended 30/6/2022	6 months ended 30/6/2023	6 months ended 30/6/2022	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Hong Kong Profits Tax	-	16	-	16	20

7. Earnings (Loss) per share

	3 months ended 30/6/2023	3 months ended 30/6/2022	6 months ended 30/6/2023	6 months ended 30/6/2022	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	109,258,943	109,258,943	109,258,943	109,258,943	109,258,943
Net profit (loss) attributable to shareholders of the Company (US\$'000)	(6,509)	20,331	(19,261)	39,349	(7,113)
Basic and diluted earnings (loss) per share	US\$(0.060)	US\$0.186	US\$(0.176)	US\$0.360	US\$(0.065)

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

8. Dividends

	3 months ended 30/6/2023	3 months ended 30/6/2022	6 months ended 30/6/2023	6 months ended 30/6/2022	Year ended 31/12/2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2022 interim dividend of US\$0.03 per share	-	3,278	-	3,278	3,278
2022 final dividend of US\$0.04 per share	-	-	-	-	4,370
	-	3,278	-	3,278	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 of June 2023.

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 30 June 2023.

9. Leases

(a) Right-of-use assets

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	28,997	-	-
Additions	-	43,598	43,598
Lease remeasurement	(6,782)	-	(11,858)
Depreciation	(1,263)	(538)	(2,743)
	20,952	43,060	28,997

(b) Lease liabilities

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	29,337	-	-
Additions	-	43,598	43,598
Lease remeasurement	(6,782)	-	(11,858)
Interest expense (included in finance costs)	303	51	703
Repayments of lease liabilities	(2,269)	(201)	(3,106)
	20,589	43,448	29,337

The lease liabilities were repayable as follows:

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Within one year	3,226	5,653	4,173
After one year but within two years	3,360	5,922	4,371
After two years but within five years	11,016	19,342	14,276
After five years	2,987	12,531	6,517
	17,363	37,795	25,164
	20,589	43,448	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.

During the first half of 2023, the total cash outflow for the lease was US\$2,269,000 (30/6/2022: US\$201,000).

10. Investment properties

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	27,210	28,145	28,145
Change in fair value	(733)	(803)	(935)
	26,477	27,342	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 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 period.

11. Financial assets at fair value through OCI

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Unlisted equity investments			
Co-investment in a property project			
At 1 January	9,396	12,257	12,257
Change in fair value ¹	(291)	(4,200)	(2,861)
	9,105	8,057	9,396
Unlisted club membership			
At 1 January	444	482	482
Change in fair value ²	-	-	(38)
	444	482	444
	9,549	8,539	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 "Tower A" or previously named as "T3 Property") 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 (31/12/2022: US\$1,342,000) was drawdown and the amount was included in note 12.

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (31/12/2022: 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 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 periods / 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 periods / year.

12. Loan receivables

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	1,342	9,236	9,236
Gross new loan originated	235	774	774
Repayment	-	(660)	(8,668)
Provision of individual impairment	-	-	-
Loan receivables, net of provision	1,577	9,350	1,342

At the reporting date, the Group's loan receivables of US\$1,577,000 (31/12/2022: US\$1,342,000) arise from co-investment (as mentioned in note 11), 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.

13. Financial assets at fair value through profit or loss

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
<i>Held for trading</i>			
Listed equity securities	20,605	36,314	26,812
Listed debt securities	557	2,427	1,051
Unlisted debt securities	285	293	288
	21,447	39,034	28,151
<i>Designated as such upon initial recognition</i>			
Investment funds	1,594	827	1,076
	23,041	39,861	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 periods / year.

14. Secured bank loans

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

	30/6/2023	30/6/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Within one year	23,899	41,047	34,278
In the second year	14,381	23,316	15,406
In the third to fifth year	42,577	12,312	33,154
Total secured bank loans	80,857	76,675	82,838
Less: Amount repayable within one year	(23,899)	(41,047)	(34,278)
Amount repayable after one year	56,958	35,628	48,560

During the six months ended 30 June 2023, the Group had drawn new secured bank loans of US\$15,987,000 (30/6/2022: US\$15,385,000) and repaid US\$17,968,000 (30/6/2022: US\$31,288,000).

15. Capital expenditures and commitments

During the first half of 2023, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$2,205,000 (30/6/2022: US\$45,931,000) and on other property, plant and equipment was US\$20,000 (30/6/2022: US\$27,000).

Pursuant to the co-investment documents, the Co-Investor committed to acquire non-voting participating class A shares of Dual Bliss of US\$10,000,000. Dual Bliss is one of the investors of the co-investment in Tower A. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$372,000 (31/12/2022: 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.

16. Related party transactions

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

	3 months ended 30/6/2023 (Unaudited) US\$'000	3 months ended 30/6/2022 (Unaudited) US\$'000	6 months ended 30/6/2023 (Unaudited) US\$'000	6 months ended 30/6/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Salaries and other benefits	1,951	1,943	3,916	3,897	8,994
Contributions to retirement benefits schemes	111	111	222	222	444
	2,062	2,054	4,138	4,119	9,438



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