

Third Quarter and Nine Months Report 2023



**JINHUI SHIPPING
AND TRANSPORTATION LIMITED**

HIGHLIGHTS

For the Nine Months Ended 30 September 2023

- ↳ Revenue for the period: US\$57 million
- ↳ Net loss for the period: US\$27 million
- ↳ Basic loss per share: US\$0.250
- ↳ Gearing ratio as at 30 September 2023: 10%

For the Third Quarter of 2023

- ↳ Revenue for the quarter: US\$20 million
- ↳ Net loss for the quarter: US\$8 million
- ↳ Basic loss per share: US\$0.074

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 nine months ended 30 September 2023.

THIRD QUARTER AND NINE-MONTH 2023 RESULTS

The Group reported a revenue for the third quarter of 2023 of US\$20,038,000, representing a decrease of 49% as compared to US\$39,579,000 for the same quarter in 2022. The consolidated net loss for the quarter was US\$8,079,000 as compared to a consolidated net profit of US\$289,000 was reported in the third quarter of 2022. Basic loss per share was US\$0.074 for the third quarter of 2023 as compared to basic earnings per share of US\$0.003 for the corresponding quarter in 2022. The consolidated net loss for the quarter was primarily due to the lackluster freight rates as compared with the same quarter in 2022 and the recognition of impairment loss on assets held for sale (disposed vessel) of US\$1,897,000 in the quarter. The impairment loss on assets held for sale (disposed vessels) is non-cash in nature and does not have impact on the operating cash flows of the Group.

Revenue for the first nine months of 2023 decreased 53% to US\$57,265,000, comparing to US\$122,844,000 for the same period in 2022. The Company recorded a consolidated net loss of US\$27,340,000 for the first nine months of 2023 whereas a consolidated net profit of US\$39,638,000 which included a net gain on disposal of US\$6,146,000 on owned vessels, was reported in the first nine months of 2022. Basic loss per share for the period was US\$0.250 as compared to basic earnings per share of US\$0.363 for the first nine months of 2022.

Market freight rates in dry bulk shipping market for the first nine months of 2023 were weak due to a number of factors: (i) slowing global economic growth; (ii) easing of port congestions that led to release of tonnage capacity; and (iii) poor sentiment due to higher inflation and interest rates. The average daily time charter equivalent rate decreased from US\$21,168 for the first nine months of 2022 to US\$8,520 for the first nine months of 2023. The consolidated net loss for the period was primarily due to the depressed freight rates upon the weak dry bulk shipping market sentiment as compared to the remarkable rebound of market freight rates driven by robust demand for dry bulk commodities in the first nine months of 2022. The consolidated net loss for the period was also attributable to the recognition of impairment loss on assets held for sale (disposed vessel) of US\$1,897,000 in the period.

During the first nine months of 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,686 metric tons at a consideration of US\$8,080,000. The vessel was delivered to the purchaser in mid-November 2023. For financial reporting purposes, the vessel was reclassified to “Assets held for sale” in accordance with IFRS 5 and HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” at the reporting date with an impairment loss on assets held for sale (disposed vessel) of US\$1,897,000 was recognized in the period and was included in other operating expenses. In addition, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,435 metric tons at a purchase price of US\$20,433,000, which was delivered to the Group at end of October 2023.

INTERIM DIVIDEND

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

REVIEW OF OPERATIONS

Third Quarter of 2023. Market freight rates in dry bulk shipping market were under pressure during the third quarter of 2023 amid the volatile macroeconomic environment. During the quarter, Baltic Dry Index (“BDI”) opened at 1,091 points at the beginning of July and hit to the low at 962 points in late July. BDI then rose gradually and reached to the peak at 1,752 points in late September, and closed at 1,701 points by the end of September 2023. The average of BDI of the third quarter of 2023 was 1,194 points, which compares to 1,655 points in the same quarter in 2022.

Third Quarter 2023 Statement of Profit or Loss

Revenue for the third quarter of 2023 was US\$20,038,000 representing a decrease of 49% as compared to US\$39,579,000 for the same quarter in 2022 due to the lackluster freight rates as compared with the same quarter in 2022. The average daily time charter equivalent rates (“TCE”) earned by the Group’s fleet decreased 55% to US\$8,796 for the third quarter of 2023 as compared to US\$19,562 for the corresponding quarter in 2022.

	2023 Q3 US\$	2022 Q3 US\$	2023 1st nine months US\$	2022 1st nine months US\$	2022 US\$
Average daily TCE of the Group’s fleet					
Post-Panamax / Panamax fleet	15,104	20,607	10,987	21,593	20,180
Supramax fleet	8,531	19,408	8,416	21,125	18,681
In average	8,796	19,562	8,520	21,168	18,813

Other operating income increased from US\$2,154,000 for the third quarter of 2022 to US\$2,502,000 for the current quarter mainly due to a net gain of US\$1,300,000 on bunker arising from shipping operations was recognized for the current quarter, whereas a net loss on bunker arising from shipping operations was recognized for the corresponding quarter in 2022 and was included in shipping related expenses. In contrast, the dividend income decreased from US\$1,325,000 for the third quarter of 2022 to US\$418,000 for the current quarter.

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\$21,025,000 for the third quarter of 2022 to US\$12,572,000 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\$5,181 for the third quarter of 2023 as compared to US\$6,095 for the third quarter of 2022. The decrease in shipping related expenses was also attributable to a net loss of US\$3,805,000 on bunker arising from shipping operations was recognized for the third quarter of 2022, whereas a net gain on bunker arising from shipping operations was recognized 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\$5,686,000 for the third quarter of 2022 to US\$3,163,000 for the current quarter mainly due to the Group recorded a net loss on financial assets at fair value through profit or loss of US\$130,000 for the current quarter while US\$4,288,000 was recorded for the corresponding quarter in 2022. However, the decrease was partially offset by the recognition of the impairment loss of US\$1,897,000 on assets held for sale (disposed vessel) for the current quarter.

Depreciation and amortization decreased from US\$10,926,000 for the third quarter of 2022 to US\$10,300,000 for the third quarter of 2023. The Group's daily vessel depreciation decreased to US\$3,596 for the current quarter as compared to US\$4,202 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\$2,124,000 as compared to US\$1,142,000 for the corresponding quarter in 2022. The right-of-use assets have been recognized by the Group since June 2022 as the Group entered into a charterparty with a third party in respect of leasing of a Panamax for a term of seven years commencing on the date of delivery of the vessel to the Group. In accordance with IFRS 16 and HKFRS 16 Leases, the Group recognized the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparty and corresponding lease liabilities was also recognized in the consolidated statement of financial position.

Finance costs increased from US\$1,064,000 for the third quarter of 2022 to US\$1,804,000 for the third quarter of 2023. The increase was mainly attributable to the rising interest rate as compared with that of the corresponding quarter in 2022. Finance costs for the current quarter also included the interest expenses on lease liabilities of US\$568,000 as compared to US\$352,000 for the corresponding quarter in 2022.

First Nine Months of 2023 Statement of Cash Flows and Statement of Financial Position as at 30 September 2023

During the first nine months of 2023, cash generated from operations before changes in working capital was US\$5,037,000 (30/9/2022: US\$61,711,000) and the net cash generated from operating activities after working capital changes was US\$6,122,000 (30/9/2022: US\$80,717,000). The changes in working capital are mainly attributable to the decrease in equity and debt securities. During the first nine months of 2023, the Group's net loss on financial assets at fair value through profit or loss was US\$1,066,000 (30/9/2022: US\$6,275,000), comprised of a realized gain of US\$701,000 (30/9/2022: US\$1,664,000) upon disposal of certain equity and debt securities during the period, and an unrealized fair value loss of US\$1,767,000 (30/9/2022: US\$7,939,000) 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\$1,664,000 (30/9/2022: US\$3,215,000).

During the first nine months of 2023, the Group had drawn new secured bank loans of US\$30,474,000 (30/9/2022: US\$39,744,000) and repaid US\$28,220,000 (30/9/2022: US\$37,434,000). The Group's total secured bank loans increased from US\$82,838,000 as at 31 December 2022 to US\$85,092,000 as at 30 September 2023, of which 37%, 45% and 18% 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 September 2023, the Group maintained positive working capital position of US\$36,927,000 (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\$49,622,000 (31/12/2022: US\$61,504,000).

During the first nine months of 2023, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$3,564,000 (30/9/2022: US\$84,747,000) and on other property, plant and equipment was US\$102,000 (30/9/2022: US\$102,000).

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).

During the first nine months of 2023, Phoenix Property Investors Limited (the Investment Manager) reported a loss of US\$8,142,000 on the co-investment in Tower A largely due to the devaluation of investment properties, bank and shareholder loan interest payments, as well as the bank loan refinancing arrangement fees. This loss was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the condensed consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the carrying amount of the unlisted equity investments, co-investment in a property project, was US\$1,254,000 (31/12/2022: US\$9,396,000) whereas the loan receivable arise from co-investment, together with the interest accrued thereon was US\$2,057,000 (31/12/2022: US\$1,593,000). The Group will closely monitor the performance of the co-investment and will assess impairment allowances where appropriate.

On 27 September 2023, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,435 metric tons at a purchase price of US\$20,433,000, which was delivered to the Group at end of October 2023. A deposit of US\$2,043,300 for the vessel was paid by the Group at end of September 2023. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$18,389,700 (31/12/2022: nil).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$18,761,700 (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.

On 20 September 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,686 metric tons at a consideration of US\$8,080,000. The vessel was delivered to the purchaser in mid-November 2023. For financial reporting purposes, the vessel was reclassified to “Assets held for sale” in accordance with IFRS 5 and HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” at the reporting date, with an impairment loss on assets held for sale (disposed vessel) of US\$1,897,000 was recognized in the first nine months of 2023 and was included in other operating expenses for the period.

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 10% (31/12/2022: 5%) as at 30 September 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 September 2023, the Group is able to service its debt obligations, including principal and interest payments.

FLEET

As at 30 September 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

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On 27 September 2023, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,435 metric tons at a purchase price of US\$20,433,000, which was delivered to the Group at end of October 2023.

As at 30 September 2023, the carrying amount of the motor vessels and capitalized drydocking costs was US\$345,912,000 (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 September 2023, the carrying amounts of the right-of-use assets and the lease liabilities were US\$24,903,000 (31/12/2022: US\$28,997,000) and US\$26,062,000 (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 a challenging year, with slowing global growth and inflationary pressure which led to a tight monetary environment. Going forward, we expect the global economic growth to stabilize and slowly regain 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.

Transportation of commodities will undergo profound and complex changes given the variables that affect our business include an array of industry specific, economical, as well as geopolitically driven factors. Our industry fundamentals are sound, 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 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 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

29 November 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		3 months ended 30/9/2023	3 months ended 30/9/2022	9 months ended 30/9/2023	9 months ended 30/9/2022	Year ended 31/12/2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	<i>Note</i>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	2	20,038	39,579	57,265	122,844	152,466
Net gain on disposal of owned vessels		-	-	-	6,146	5,636
Other operating income	3	2,502	2,154	4,808	9,994	15,419
Interest income	4	206	225	607	725	1,064
Impairment loss on owned vessels, net		-	-	-	-	(49,326)
Shipping related expenses		(12,572)	(21,025)	(42,009)	(49,562)	(66,793)
Staff costs		(2,986)	(2,968)	(9,013)	(8,912)	(13,668)
Other operating expenses		(3,163)	(5,686)	(7,587)	(11,001)	(8,583)
Operating profit before depreciation and amortization		4,025	12,279	4,071	70,234	36,215
Depreciation and amortization		(10,300)	(10,926)	(27,200)	(28,626)	(39,870)
Operating profit (loss)		(6,275)	1,353	(23,129)	41,608	(3,655)
Finance costs		(1,804)	(1,064)	(4,211)	(1,954)	(3,438)
Profit (Loss) before taxation		(8,079)	289	(27,340)	39,654	(7,093)
Taxation	6	-	-	-	(16)	(20)
Net profit (loss) for the period / year		(8,079)	289	(27,340)	39,638	(7,113)
Other comprehensive income (loss)						
Items that will not be reclassified to profit or loss:						
Change in fair value of financial assets at fair value through OCI (non-recycling)		(7,851)	-	(8,142)	(4,200)	(2,861)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties (non-recycling)		367	-	367	-	-
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		(15,563)	289	(35,115)	35,438	(10,012)
Earnings (Loss) per share	7					
- Basic and diluted		US\$(0.074)	US\$0.003	US\$(0.250)	US\$0.363	US\$(0.065)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/9/2023 (Unaudited) US\$'000	30/9/2022 (Unaudited) US\$'000	31/12/2022 (Audited) US\$'000
	<i>Note</i>			
ASSETS				
Non-current assets				
Property, plant and equipment		354,609	436,092	384,661
Right-of-use assets	9(a)	24,903	32,346	28,997
Investment properties	10	26,860	27,342	27,210
Financial assets at fair value through OCI	11	1,698	8,539	9,840
Deposit paid for the acquisition of owned vessel		2,043	5,075	-
		410,113	509,394	450,708
Current assets				
Inventories		1,379	1,380	2,993
Loan receivables	12	1,577	1,342	1,342
Trade and other receivables		21,218	23,173	20,245
Financial assets at fair value through profit or loss	13	22,377	26,816	29,227
Pledged deposits		1,260	7,206	444
Bank balances and cash		28,851	35,749	33,353
Assets held for sale	14	7,992	-	-
		84,654	95,666	87,604
Total assets		494,767	605,060	538,312

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/9/2023	30/9/2022	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		366,189	451,124	405,674
Total equity		371,652	456,587	411,137
Non-current liabilities				
Secured bank loans	15	53,621	46,906	48,560
Lease liabilities	9(b)	21,767	28,293	25,164
		75,388	75,199	73,724
Current liabilities				
Trade and other payables		11,827	20,720	14,833
Amount due to holding company		134	121	167
Secured bank loans	15	31,471	47,982	34,278
Lease liabilities	9(b)	4,295	4,451	4,173
		47,727	73,274	53,451
Total equity and liabilities		494,767	605,060	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	-	-	-	-	-	-	39,638	39,638
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)	39,638	35,438
2021 final dividend paid	-	-	-	-	-	-	(7,648)	(7,648)
2022 interim dividend paid	-	-	-	-	-	-	(3,278)	(3,278)
Total dividend paid	-	-	-	-	-	-	(10,926)	(10,926)
At 30 September 2022	5,463	95,585	719	16,297	476	(1,446)	339,493	456,587
At 1 January 2023	5,463	95,585	719	16,297	476	(145)	292,742	411,137
Comprehensive loss								
Net loss for the period	-	-	-	-	-	-	(27,340)	(27,340)
Other comprehensive income (loss)								
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	(8,142)	-	(8,142)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	-	-	-	-	367	-	-	367
Total comprehensive loss for the period	-	-	-	-	367	(8,142)	(27,340)	(35,115)
2022 final dividend paid	-	-	-	-	-	-	(4,370)	(4,370)
At 30 September 2023	5,463	95,585	719	16,297	843	(8,287)	261,032	371,652

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30/9/2023 (Unaudited) US\$'000	9 months ended 30/9/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
OPERATING ACTIVITIES			
Cash generated from operations before changes in working capital	5,037	61,711	75,567
Decrease in working capital	4,481	20,498	15,682
Cash generated from operations	9,518	82,209	91,249
Interest paid	(3,396)	(1,438)	(2,690)
Hong Kong Profits Tax paid	-	(54)	(220)
Net cash from operating activities	6,122	80,717	88,339
INVESTING ACTIVITIES			
Interest received	399	838	906
Dividend income received	1,057	2,490	2,624
Purchase of property, plant and equipment	(3,666)	(84,849)	(140,603)
Proceeds from disposal of property, plant and equipment, net	-	17,500	64,668
Deposit paid for the acquisition of owned vessel	(2,043)	(5,075)	-
Net cash used in investing activities	(4,253)	(69,096)	(72,405)
FINANCING ACTIVITIES			
New secured bank loans	30,474	39,744	66,859
Repayment of secured bank loans	(28,220)	(37,434)	(76,599)
Decrease (Increase) in pledged deposits	(816)	1,101	7,863
Payment of lease liabilities	(2,568)	(1,282)	(2,403)
Interest paid on lease liabilities	(871)	(403)	(703)
Dividends paid to shareholders of the Company	(4,370)	(10,926)	(10,926)
Net cash used in financing activities	(6,371)	(9,200)	(15,909)
Net increase (decrease) in cash and cash equivalents	(4,502)	2,421	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	28,851	35,749	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 30/9/2023 (Unaudited) US\$’000	3 months ended 30/9/2022 (Unaudited) US\$’000	9 months ended 30/9/2023 (Unaudited) US\$’000	9 months ended 30/9/2022 (Unaudited) US\$’000	Year ended 31/12/2022 (Audited) US\$’000
Chartering freight and hire income:					
Hire income under time charters ¹	20,038	39,579	57,265	122,844	152,466

Note:

1. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. During the first nine months of 2023, hire income included a non-lease component in relation to crewing service of US\$23,223,000 (30/9/2022: US\$28,484,000).

3. Other operating income

	3 months ended 30/9/2023 (Unaudited) US\$'000	3 months ended 30/9/2022 (Unaudited) US\$'000	9 months ended 30/9/2023 (Unaudited) US\$'000	9 months ended 30/9/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Net gain on bunker arising from shipping operations	1,300	-	-	4,843	2,352
Write-back of other payables	-	-	-	-	5,167
Other shipping operating income	573	561	3,129	1,869	2,648
Dividend income	418	1,325	1,057	2,490	2,624
Gross rental income from operating leases on investment properties	142	141	427	417	559
Reversal of impairment loss on trade and other receivables, net	-	-	-	-	1,620
COVID-19 related government subsidies	-	65	-	194	194
Sundry income	69	62	195	181	255
	2,502	2,154	4,808	9,994	15,419

4. Interest income

	3 months ended 30/9/2023 (Unaudited) US\$'000	3 months ended 30/9/2022 (Unaudited) US\$'000	9 months ended 30/9/2023 (Unaudited) US\$'000	9 months ended 30/9/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Interest income in respect of:					
Deposits with banks and other financial institutions	116	29	348	50	120
Loan receivables	80	159	229	564	815
Financial assets at fair value through profit or loss	10	37	30	111	129
	206	225	607	725	1,064

5. Operating profit before depreciation and amortization

This is stated after charging / (crediting):

	3 months ended 30/9/2023 (Unaudited) US\$'000	3 months ended 30/9/2022 (Unaudited) US\$'000	9 months ended 30/9/2023 (Unaudited) US\$'000	9 months ended 30/9/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Realized loss (gain) on financial assets at fair value through profit or loss	34	450	(701)	(1,664)	(1,493)
Unrealized loss on financial assets at fair value through profit or loss	96	3,838	1,767	7,939	4,003
Net loss on financial assets at fair value through profit or loss	130	4,288	1,066	6,275	2,510
Impairment loss on assets held for sale	1,897	-	1,897	-	-
Change in fair value of investment properties	-	-	733	803	935
Net gain on disposal of owned vessels	-	-	-	(6,146)	(5,636)
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 30/9/2023	3 months ended 30/9/2022	9 months ended 30/9/2023	9 months ended 30/9/2022	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	20

7. Earnings (Loss) per share

	3 months ended 30/9/2023	3 months ended 30/9/2022	9 months ended 30/9/2023	9 months ended 30/9/2022	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)	(8,079)	289	(27,340)	39,638	(7,113)
Basic and diluted earnings (loss) per share	US\$(0.074)	US\$0.003	US\$(0.250)	US\$0.363	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 30/9/2023	3 months ended 30/9/2022	9 months ended 30/9/2023	9 months ended 30/9/2022	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
2022 final dividend of US\$0.04 per share	-	-	-	-	4,370
	-	-	-	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-June 2023.

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

9. Leases

(a) Right-of-use assets

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	28,997	-	-
Additions	-	43,598	43,598
Lease remeasurement	(707)	(9,572)	(11,858)
Depreciation	(3,387)	(1,680)	(2,743)
	24,903	32,346	28,997

(b) Lease liabilities

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	29,337	-	-
Additions	-	43,598	43,598
Lease remeasurement	(707)	(9,572)	(11,858)
Interest expense (included in finance costs)	871	403	703
Repayments of lease liabilities	(3,439)	(1,685)	(3,106)
	26,062	32,744	29,337

The lease liabilities were repayable as follows:

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Within one year	4,295	4,451	4,173
After one year but within two years	4,474	4,662	4,371
After two years but within five years	14,667	15,229	14,276
After five years	2,626	8,402	6,517
	21,767	28,293	25,164
	26,062	32,744	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 nine months of 2023, the total cash outflow for the lease was US\$3,439,000 (30/9/2022: US\$1,685,000).

10. Investment properties

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
At 1 January	27,210	28,145	28,145
Reclassification from leasehold land and buildings	383	-	-
Change in fair value	(733)	(803)	(935)
	26,860	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.

As at 30 June 2023, 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 and change in fair value of investment properties of US\$733,000 had been recognized as at 30 June 2023.

The investment properties of the Group were not revalued at 30 September 2023 by independent valuers. The management was aware of the possible change in the conditions of the property market and considered that the carrying amount of the Group's investment properties did not differ significantly from that which had been determined using fair values at 30 June 2023. Consequently, no change in fair value of investment properties has been recognized in the third quarter of 2023.

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

	30/9/2023	30/9/2022	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	(8,142)	(4,200)	(2,861)
	1,254	8,057	9,396
Unlisted club membership			
At 1 January	444	482	482
Change in fair value ²	-	-	(38)
	444	482	444
	1,698	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.

During the first nine months of 2023, the Investment Manager reported a loss of US\$8,142,000 on the co-investment in Tower A largely due to the devaluation of investment properties, bank and shareholder loan interest payments, as well as the bank loan refinancing arrangement fees. This loss was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the condensed consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the carrying amount of the unlisted equity investments, co-investment in a property project, was US\$1,254,000 (31/12/2022: US\$9,396,000) whereas the loan receivable arise from co-investment, together with the interest accrued thereon was US\$2,057,000 (31/12/2022: US\$1,593,000). The Group will closely monitor the performance of the co-investment and will assess impairment allowances where appropriate.

The fair value measurement of unlisted equity investments was categorized as Level 3 of the three-level fair value hierarchy as defined under IFRS 13 and HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the 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

	30/9/2023	30/9/2022	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	-	(8,668)	(8,668)
Provision of individual impairment	-	-	-
Loan receivables, net of provision	1,577	1,342	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

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
<i>Held for trading</i>			
Listed equity securities	19,903	24,921	26,812
Listed debt securities	575	1,117	1,051
Unlisted debt securities	293	291	288
	20,771	26,329	28,151
<i>Designated as such upon initial recognition</i>			
Investment funds	1,606	487	1,076
	22,377	26,816	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. Assets held for sale

On 20 September 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,686 metric tons at a consideration of US\$8,080,000. The vessel was delivered to the purchaser in mid-November 2023. For financial reporting purposes, the vessel was reclassified to "Assets held for sale" in accordance with IFRS 5 and HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", with an impairment loss on assets held for sale (disposed vessel) of US\$1,897,000 was recognized in the third quarter and in the first nine months of 2023 and was included in other operating expenses for the period.

15. Secured bank loans

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

	30/9/2023	30/9/2022	31/12/2022
	(Unaudited)	(Unaudited)	(Audited)
	US\$'000	US\$'000	US\$'000
Within one year	31,471	47,982	34,278
In the second year	38,461	24,749	15,406
In the third to fifth year	15,160	22,157	33,154
Total secured bank loans	85,092	94,888	82,838
Less: Amount repayable within one year	(31,471)	(47,982)	(34,278)
Amount repayable after one year	53,621	46,906	48,560

During the nine months ended 30 September 2023, the Group had drawn new secured bank loans of US\$30,474,000 (30/9/2022: US\$39,744,000) and repaid US\$28,220,000 (30/9/2022: US\$37,434,000).

16. Capital expenditures and commitments

During the nine months ended 30 September 2023, capital expenditure on additions of motor vessels and capitalized drydocking costs was US\$3,564,000 (30/9/2022: US\$84,747,000) and on other property, plant and equipment was US\$102,000 (30/9/2022: US\$102,000).

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).

On 27 September 2023, the Group entered into an agreement in respect of the acquisition of a Supramax of deadweight 63,435 metric tons at a purchase price of US\$20,433,000, which was delivered to the Group at end of October 2023. A deposit of US\$2,043,300 for the vessel was paid by the Group at end of September 2023. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US\$18,389,700 (31/12/2022: nil).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for was US\$18,761,700 (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.

17. 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 30/9/2023 (Unaudited) US\$'000	3 months ended 30/9/2022 (Unaudited) US\$'000	9 months ended 30/9/2023 (Unaudited) US\$'000	9 months ended 30/9/2022 (Unaudited) US\$'000	Year ended 31/12/2022 (Audited) US\$'000
Salaries and other benefits	1,951	1,943	5,867	5,840	8,994
Contributions to retirement benefits schemes	111	111	333	333	444
	2,062	2,054	6,200	6,173	9,438



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